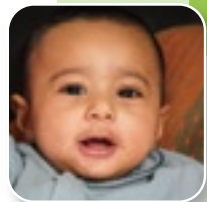


# Building a Sustainable Society



## Daiwa Securities Group CSR Report 2010 Highlight Edition

### What we can do

What will the world be like when these 35 babies become adults? The precious faces of these infants—all children of Daiwa Securities Group executives and employees—express our hopes for the future. At the Daiwa Securities Group, we are determined to take responsibility as individuals and to do our part as a company to create a sustainable society living in happiness and in harmony with an unspoiled Earth.

# Daiwa Securities Group CSR Report 2010 Overview

## Editorial Policy

The Daiwa Securities Group has been publishing this report annually since 2002 with the aim of clearly disclosing our CSR activities, which are intended to support the creation of a sustainable society. We also use this opportunity to evaluate the company's current status and the challenges it is facing.

For the printed Highlight Edition of the 2010 report, we have narrowed down the content to focus on areas we particularly wish to communicate to as many stakeholders as possible about our ideas and initiatives in an easy-to-understand format.

The Full Edition of the report, which includes CSR initiatives, challenges and goals broken down by stakeholder group, will be available on the Web from September 2010.

Both the highlight and full editions of the report have been produced in line with international guidelines regarding sustainability reports (Global Reporting Initiative; GRI\*).

\* GRI (Global Reporting Initiative): An organization dedicated to proposing and promoting common international guidelines for sustainability reports.

## Scope of Report

### Intended Readership

This report is intended for Daiwa Securities Group's stakeholders, which primarily include customers, shareholders and investors, executives and employees, as well as business partners, government agencies, non-profits (NPOs, NGOs), local communities where Daiwa Securities has offices, educational institutions, and the families of executives and employees.

### Scope of Reporting

This report basically covers the principal companies of the Daiwa Securities Group (see page 26). The report does not, however, include all data from the Group's principal companies on items reported; the information is selected based on the respective companies' size and type of business. Each set of numerical data specifies the scope of coverage.

### Period Covered by Report

Fiscal 2009 (April 1, 2009 to March 31, 2010). The report also includes information on events and activities carried out prior to fiscal 2008, as well as those scheduled to take place during fiscal 2010.

### Date of Publication

August 2010 (The previous report was published in August 2009; the next report is planned for August 2011).

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## Highlight Edition

Communication Tool

- Easy-to-read format
- Focused on key issues



### Highlight Edition (Booklet)

Major CSR issues, main message to stakeholders, etc.

### Full Edition (Web)

Detailed information on various activities in areas such as management, society, and the environment

Please see the Daiwa Securities Group website for the Full Edition of the 2010 CSR Report.

## Full Edition

Information Disclosure, Explanatory Tool

- Breakdown of CSR initiatives, challenges, and goals for each stakeholder group
- Report Based on GRI Guidelines





## CSR Report 2010 — Highlight Edition (Booklet)

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## CSR Report 2010 — Full Edition (Web)

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- Environmental Impact of the Daiwa Securities Group

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## Message from the President and CEO

President and CEO Shigeharu Suzuki discusses the Daiwa Securities Group's mission and key CSR issues and its responsibilities to society

### Corporate sustainability depends on contributions to society


The financial crisis taught us that companies can no longer function solely to maximize profit. The process of how profit is made is becoming increasingly important. It is true that a company can not survive without profit, but profit in itself should not be the be-all, end-all. People need air and water to live, but there is much more to life than that.

Every company has an obligation to contribute to society through its business, and only those that do so will remain viable.

### Adding a social perspective to investment

The Daiwa Securities Group has been in business for more than a century because our business has always had social significance. More recently, we have introduced products, such as Vaccine Bonds and Microfinance Bonds, which have direct social benefits. Offering these products makes us proud to know we are working for society's betterment.

For our customers, these vehicles offer the same satisfaction as donating to worthy causes. But they are investments, not charity, so customers receive financial

A photograph of President and CEO Shigeharu Suzuki. He is a middle-aged man with dark hair, wearing a dark suit, white shirt, and a patterned tie. He is sitting at a desk, looking slightly to his right with a serious expression. His hands are clasped together on the desk. The background is a bright, modern office interior with large windows and a white wall.

Our pursuit of  
quality will ensure  
continued success



returns as well as social returns. Many people in Japan would like to do their part to make the world a better place, so these products fit in perfectly with that mindset.

In April 2010, we will arrange and place a water bond to fund water infrastructure and water quality projects in the Asia-Pacific region.

Known as “Impact Investing,” products like the ones I just described offer financial returns to investors while having a direct impact on social issues such as poverty and environmental protection. We plan to increase our commitment in this area and continue working toward the sustainable development of society.

### Fostering sound financial and capital markets through educational and media initiatives

As a financial institution, one of our most important roles is to pass on sound financial and capital markets to future generations. In Japanese schools, there are few classes that teach students basic economics; as a result, there is also a shortage of teachers prepared to teach such classes. Children are our future, so to get them interested in learning about the economy, we need teachers who can make those subjects engaging. With that in mind, we offer materials for high school teachers<sup>1</sup> that make it easier for them to teach about the economy. In my mind, pragmatic efforts such as these will help us foster healthy financial and capital markets.

In Japan, more and more people are realizing that they should not only save for the future, but invest as well. We understand the need to convey the benefits of investing to people aged 50 and older, as they hold around 80% of the individual financial assets in Japan. To that end, we provide information through a variety of media, including our television channel, Daiwa Securities Information TV.<sup>2</sup>

### Improving executive and employee motivation

Since 2007, we have been encouraging our executives and employees to leave the office before 7:00 p.m., and I am glad to report that they have taken that to heart. Efficiency has improved dramatically as a result as people learned to manage their time effectively. We

have also begun pushing for people to take all of their paid vacation days. Even if we introduce good schemes for improving working conditions, if executives and employees do not use them, the schemes might as well not exist, so it was important to adopt easy-to-use schemes. We started with our executives, branch managers, and department heads, because if they take time off, that makes it easier for everyone else to follow suit. In a recent employee survey, around 80% of respondents considered Daiwa’s working conditions “appropriate.”

In April 2009, we promoted four female employees to our executive team from within our ranks. Our efforts to create a workplace with limited gender barriers over the past few years helped lead to this moment, I think. Satisfied workers are more loyal and motivated, so we will remain focused on maintaining a rewarding work environment.

### Quality, not size, to make difference over next 10-20 years

In January 2010, the Daiwa Securities Group became the first Japanese securities firm to join the UN Global Compact.<sup>3</sup> The Compact’s Ten Principles are fully consistent with our own mission, and we have been operating in the spirit of those principles. As a global company, we signed on in order to strengthen our practices and help spread awareness of the principles.

Although we are a global company, over the next 10-20 years we intend to put quality ahead of size. We would like Daiwa to be known as a top-notch company with high-quality products and services and one whose executives and employees take great pride in their work. This, I think, is the key to the Daiwa Securities Group’s sustainable success and future growth.



鈴木 茂晴

**Shigeharu Suzuki**

President and CEO,  
Daiwa Securities Group Inc.

<sup>1</sup> See page 15.

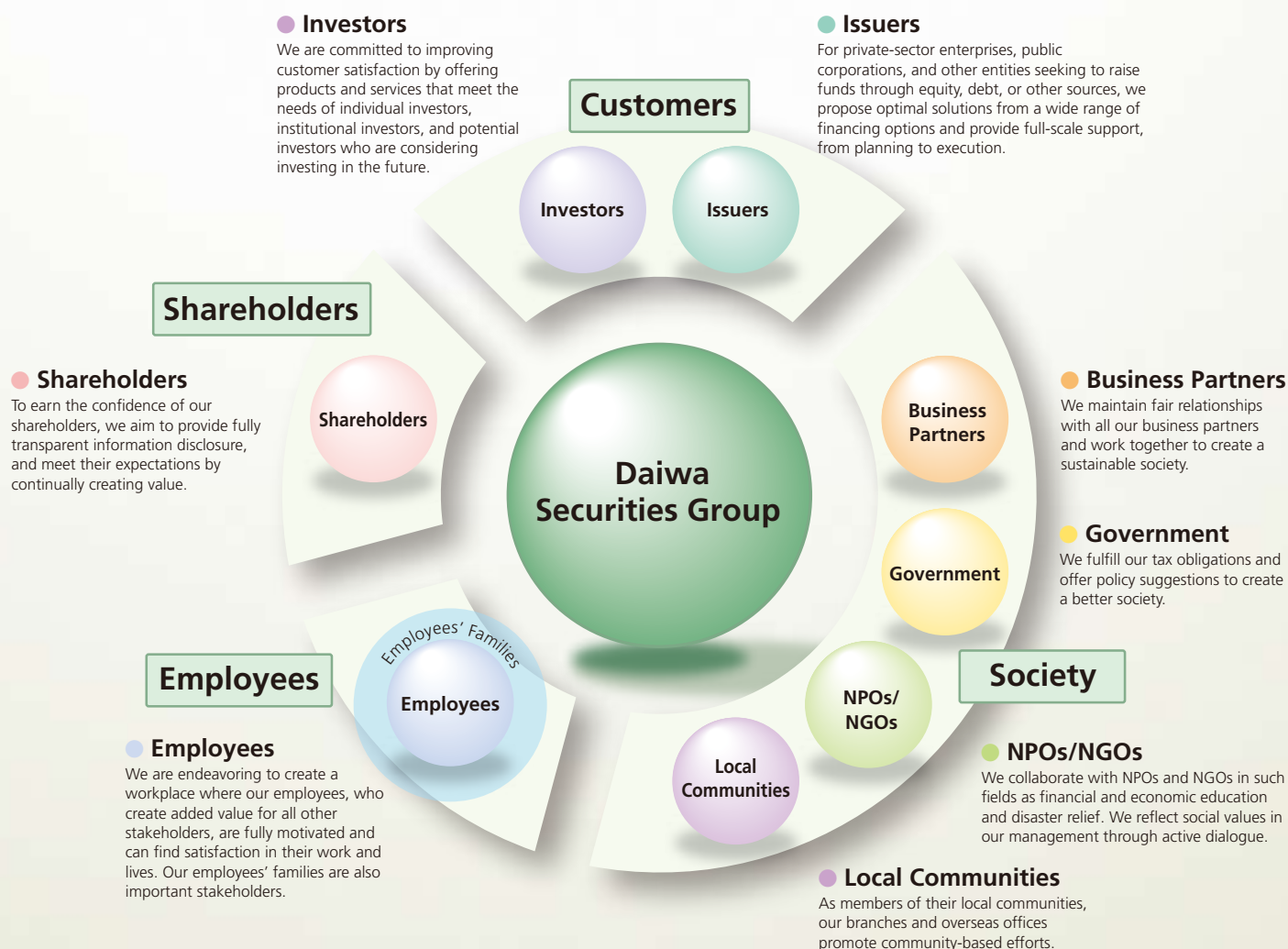
<sup>2</sup> Japan’s only TV channel devoted exclusively to investing.

<sup>3</sup> The UN Global Compact was established in 2000 under the UN Secretariat after an initiative launched in 1999 by former Secretary General Kofi Annan. The membership consists of global corporate leaders who are expected to align their business practices with ten principles in the fields of human rights, labor, environment, and anti-corruption in their business activities, in partnership with UN agencies, labor, and civil society.

# Daiwa Securities Group Mission and Corporate Principles

The Daiwa Securities Group's mission is to contribute to the sustainable development of society and the economy through daily operations, including wealth management for investors and supporting corporate clients' activities with various financial tools. The strong bond of trust we share with our stakeholders, including customers, shareholders, employees and society, is essential to the accomplishment of our mission and sustainable growth.

## Daiwa Securities Group Stakeholders



## Key Issues for Daiwa Securities Group

To realize a sustainable society, the Daiwa Securities Group seeks to initiate even more effective CSR activities. Based on the requests and opinions we have received from our stakeholders thus far, we have addressed the following key challenges:

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

People are the key to addressing these issues. We believe keeping each and every one of our executives and employees motivated and proud of their work can help us earn the trust of our stakeholders.

Thus, in addition to tackling these key 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.**

## Daiwa Securities Group Corporate Principles

### Building Customer Trust

We stand on the trust of our customers. Prudently putting customer interests first and achieving a high standard of professional competence, we intend to become Japan's most appealing securities group at home and abroad.

### Valuing Human Resources

People are the source of our competence. We highly value creative initiative by the individual, we cherish the challenging spirit, and we appreciate the capability and contributions of the individual.

### Contributing to Society

Our mission is to contribute to society and the economy through our daily operation in the financial and capital markets. We will maintain high standards of ethics and self-discipline and will contribute to the sustainability of society.

### Earning Sound Profits

Our fundamental objective is to enhance shareholder value through sound business operations. We will offer valuable services to our customers and earn adequate rewards for distribution to our shareholders.







# Leveraging Financial Capabilities to Contribute to a Sustainable Society

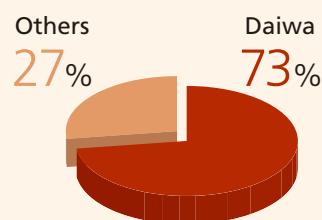
The world we live in is facing a host of pressing issues that threaten its very sustainability, ranging from environmental challenges—most notably climate change—to the growing gap between rich and poor. In times like these, companies are called upon to work in the greater society's interest and not merely pursue profit based on market principles. In that regard, the financial sector is uniquely positioned to support initiatives for social change. That is why the Daiwa Securities Group develops and sells Impact Investment\* vehicles. These products offer our investors a clear way to make a difference and channel funds toward solutions to society's challenges.

\* Investment with social objectives such as poverty reduction and environmental protection that also generates financial returns for investors.

## Impact Investment bonds sold by Daiwa Securities (Mar. 2008-Apr. 2010)

Vaccine Bonds
World CO2L Bonds
Microfinance Bonds
Green World Bank Bonds
Water Bonds

## Daiwa Securities' share of the Japanese market for Impact Investment bonds



Total sold: Approx. ¥260 billion (since March 2008)

Source: Daiwa Securities

\*Only includes bonds for retail investors (as of end-April 2010)

## Ratio of Impact Investment bonds to total foreign currency denominated bonds<sup>1</sup>, 2009

Daiwa Securities group<sup>2</sup>: 11%

Overall Japanese market<sup>3</sup>: 3%

<sup>1</sup> *Uruidashi Gaisai*; foreign currency denominated bonds issued overseas and sold in Japan

<sup>2</sup> Ratio of Impact Investment *Uruidashi Gaisai* to foreign currency denominated bonds arranged by Daiwa Capital Markets Europe Limited and sold by Daiwa Securities.

<sup>3</sup> Estimate by Daiwa Securities based on Capital Eye data.

**WEB** Please visit our website for more details. <http://www.daiwa-grp.jp/english/csr/report2010/kadai1>

# Microfinance Bonds: Group-wide Effort to Help Reduce Poverty

Poverty alleviation is one of modern society's biggest challenges.

The Microfinance Bonds we have begun to offer to our clients are our answer to the question: "Can we help to solve this problem by making a new flow of money available that contributes to the challenge?"

## Contributing to poverty reduction through bond investment

According to the World Bank, 1.4 billion people, or roughly one-fourth of the world's population, live on less than \$1.25 per day.\*

Inspired to try to make a difference through our financial business activities, in November 2009 we began underwriting and selling Microfinance Bonds, a new type of product that utilizes bond investment to help reduce poverty.



©BRAC

Microfinance refers to small-scale financial services offered to low-income people, mostly in developing nations. By offering unsecured loans (known as "microcredit") and other basic offerings to people previously considered too poor for financial services, microfinance aims to lift people out of poverty and help them become economically self-sufficient.

Microfinance Bonds are an attempt to generate investment to help fund microfinance initiatives. Under this scheme, the Daiwa Securities Group underwrites and sells bonds issued by the International Finance

Corporation (IFC, member of the World Bank group). The IFC, in turn, uses the proceeds raised from bond investors to fund its microfinance operations.

## Group-wide effort to create a truly innovative product

Satoru Yamamoto, Deputy General Manager, Product Planning Department, Daiwa Securities, came up with the idea for this product. While studying in the US, he learned about a venture capital firm that used the Internet to raise funds for microfinance.

Mr. Yamamoto recalls, "I had heard about microfinance before but assumed it had nothing to do with the mainstream financial business. Still, I figured if one company can turn microfinance into a business, there might be some potential for Daiwa to get involved as well."

After returning to Japan, Mr. Yamamoto proposed offering bonds to raise money for microfinance. His colleagues in the Product Planning Department loved the idea. The General Manager of his department, Ms. Sachiko Hanaoka, gave the green light to the project. "Socially responsible investments have attracted serious attention lately," she said, "so this product should definitely interest investors." With management's blessing, Mr. Yamamoto's idea got started on the road to becoming a final product.

Daiwa Securities teamed up with another Daiwa Securities Group company to make the idea a reality. One Daiwa Securities Capital Markets (Daiwa CM) employee, Jun Yamamuro, Deputy General Manager, Capital Markets Department, began searching for candidates to issue the bonds and eventually approached the International Finance Corporation (IFC), which has a proven track record of approving loans to microfinance institutions. However,

\* Note: 2005 figure from Martin Ravallion and Shahoua Chen World Bank report "The developing world is poorer than we thought, but no less successful in the fight against poverty."



From right:

Satoru Yamamoto, Deputy General Manager, and Sachiko Hanaoka, General Manager, Daiwa Securities Co. Ltd.

Toru Iwai, Deputy General Manager, Daiwa Securities Group Inc.

Yoshihiro Nakazawa, Associate, and Jun Yamamuro, Deputy General Manager, Daiwa Securities Capital Markets Co. Ltd.

(Position names are as of end of March 2010)

negotiations did not go smoothly at first—the IFC had never heard of such a bond before.

“We were persistent and patient,” recounts Mr. Yamamuro, “and ultimately the IFC agreed to work with us because they could tell how passionate we were about making this product happen.”

## Strong demand for innovative products that make a difference

The decision to issue the bonds finally came in September 2009. The announcement sent shockwaves through the industry as it was the first such product in Japan to alleviate poverty through investment.

Naturally, the move was a big issue for employees on the front lines, as well. Jun Hagiwara, Manager, Asset Consultant Department, Sapporo Branch, Daiwa Securities, started reading books on microfinance and making proposals to his clients. He explains, “I could sense strong interest in products that made a difference, and this one seemed like it could fill that need. When explaining the product to clients, I focused most on details of how their investment would be used. Since this is a bond investment,

and not charity, the products also offer coupon payments. I think this fact gave clients the peace of mind that their money would be invested in reputable instruments. After buying the bonds, many clients have also followed the issuers’ progress reports regularly to find out how their money is being used.”

For some time, Mr. Hagiwara had been telling



Jun Hagiwara, Manager, Asset Consultant Department, Sapporo Branch, Daiwa Securities Co. Ltd. (Department and position names are as of end of March 2010)

potential buyers of socially responsible investments about Daiwa’s CSR priorities, explaining that leveraging financial capabilities to contribute to a sustainable society. “It’s heartening to know that my work is helping make the world a better place,” he says.

He goes on: “These products seem to have also expanded our client base, because people who had never considered buying foreign bonds before are taking an interest in products that contribute to a sustainable society. In the future, I think we’ll see more people buying these bonds for their social objectives.”

Daiwa takes its responsibility toward society seriously and will continue searching for innovative ways to use finance as a means of resolving various social issues.

### A Word from a Stakeholder



**Making a difference in the world requires envisioning a richer society that does more than merely meet people’s economic needs**

**Kumi Fujisawa**

Cofounder and Vice President of the think tank, SophiaBank

Whenever I travel to poorer areas of the world, I am reminded of how hard the Japanese have worked to become wealthy. Thanks to such efforts, we now can enjoy economically affluent and materially satisfying lives. I am grateful to know our achievements are now being admired and respected by others. And now they are watching carefully to see what our future vision is, as a nation that is already economically and materially prosperous.

Issuing bonds that offer individuals opportunities to participate in contributing to a sustainable world is an ideal example of how people and corporations can work together toward further global development.



We asked Dr. Fazle Hasan Abed, chairperson of BRAC, to lead a forum in Japan aimed at increasing awareness of microfinance on 27 October 2009. BRAC, the world's largest NGO, has been working to eradicate poverty throughout Asia and Africa. Before the forum, President and CEO Shigeharu Suzuki and Dr. Abed talked about microfinance projects.

Facilitator:

**Kiyoshi Kasahara**

Vice President of Rikkyo University



## Stakeholder Dialogue 1

# New Ways to Help Eradicate Poverty

### Dr. Fazle Hasan Abed

Founder and Chairperson, BRAC  
and honorary doctorate from Rikkyo University



### Shigeharu Suzuki

President and CEO, Daiwa Securities Group Inc.

## Working to raise awareness of microfinance

**Abed:** Since the 1970s, BRAC has worked to eradicate poverty and empower the poor in Bangladesh as well as throughout Asia and Africa. Around 20% of our US\$700 million budget for 2009 came from donations, but most of our revenues were generated by our various activities and projects.

Of such projects, our core activities include a microfinance initiative which provides small-scale loans without requiring collateral.

Charity alone is not enough to encourage a person suffering from poverty to take pride and lead an independent life. However, if that individual, say, borrows some money, buys a sewing machine and fabric, and earns enough to live on from what he or

she makes, it then becomes possible for that person to support his or her family.

**Suzuki:** The whole idea of extending loans without asking for collateral is unheard of in the conventional banking industry. However, it's astonishing that the repayment rate on these loans is extremely high. I think microfinance is a wonderful way to help empower those suffering in poverty.

Our Microfinance Bond project was our first attempt to raise funds in Japan for these microfinance activities.

We hope that such work on our part helps support microfinance projects targeting those with low incomes or in poverty, who may lack access to conventional banking services. We are glad to be part of efforts to

reduce the number of those in poverty, said to be around 4 billion.

**Abed:** I believe it's especially meaningful that you are helping to address social problems such as poverty through your mainstream business. I hope that your project helps to raise awareness of microfinance among Japanese people.

**Suzuki:** Our firm is committed to the sustainable development of society and the economy through our participation in the capital and financial markets. We are glad to be serving as a bridge between microfinance institutions and Japanese investors. Awareness of microfinance in Japan is still low, so we hope to keep our investors informed of such initiatives through programs such as the *Daiwa Microfinance Forum 2009*.

## The social significance of Microfinance Bonds

**Abed:** In my opinion, it's important to measure the performance of microfinance programs like ours by how much people's lives have improved, and not just by how many cases we've handled or the amounts loaned out.

With the launch of our US\$75 million microfinance fund in January 2009 in Tanzania, Uganda, and southern Sudan, we have brought microfinance to regions that previously had no access to such services.

Meanwhile, BRAC Bank, our commercial banking operations in Bangladesh provide unsecured loans of \$15,000-20,000 to SMEs\*.

Such loans have given rise to a number of entrepreneurs, resulting in job creation, and consequently boosting the country's economy. We think it is a wise choice to support such entrepreneurs, who are helping to create new employment, while large corporations are cutting staff.

**Suzuki:** In that respect, I am proud of the important social role our Microfinance Bond project has played in such efforts. We consider the bonds to be attractive financial products, as they offer a financial return on

### Dr. Fazle Hasan Abed

Born in Bangladesh in 1936. Educated at the University of Dhaka and University of Glasgow. Served as finance director for Shell Oil in Chittagong and made efforts to bring an early end to Bangladesh's war with Pakistan while based in London. Following his native country's independence, Mr. Abed established BRAC in northern Bangladesh in 1973, hoping to address the deep poverty afflicting the country. Over the last three decades, BRAC has worked to eradicate poverty throughout Asia and Africa.



investment as well as a social return. On the sales front, these bonds offer our staff an opportunity to explain to clients the social significance of these products and the rationale behind microfinance. It is an honor for our sales staff to be part of these meaningful efforts.

## Helping to address social problems through our mainstream business

**Suzuki:** The Daiwa Securities Group has been in existence for over 100 years. Companies remain in existence only because society at large believes they are contributing positively in some way. It's important to pursue profit while keeping in mind the public interest, and not get carried away with just making money.

**Abed:** I completely agree. To see what happens when profit is placed above all other motives, one has only to take a look at the recent financial crisis that has swept over the developed countries, starting in America. I think we should learn from this example and reflect on ways we humans can realize a sustainable existence on this planet.

**Suzuki:** Indeed. I believe a company is a public entity and part of the broader social infrastructure. A company's business model is unsustainable if it fails to keep in mind the interests of the greater society. In the past, we've underwritten financial products, like our Vaccine Bonds, that help address social problems. These products allow us to do our part to help society through our main line of work and enable investors to participate in such efforts through their investments. At Daiwa, we are looking to pave the way for a new era in which products we actively promote allow financial institutions like ours to fulfill our role in the public sphere.

\* SME: Small and medium-sized enterprises





Ritsumeikan Senior High School students participate in Student Company Program



# Developing Sound Financial and Capital Markets for the Next Generation

Financial and capital markets are indispensable parts of the social infrastructure. At the Daiwa Securities Group, we consider the ongoing development of fair and transparent markets to be the core social mission of financial institutions.

To foster a strong sense of professional ethics, we require that executives and employees comply fully with laws and internal regulations, and have set a goal of all Daiwa Securities employees gaining specialist financial planner qualifications by the end of FY2010. We run Daiwa Securities Information TV,\* Japan's only channel dedicated to financial markets and the economy. With the goal of providing high-quality information on financial and capital markets to a wide audience, it broadcasts not only analyst research, but also a wide variety of business and economic news pertinent to daily life.

At the Daiwa Securities Group, we recognize that improving the level of financial literacy, especially among young people, is crucial in order to develop sound financial markets. Toward this end, we continue to participate in corporate training programs, build academic-industrial alliances, and work in cooperation with Junior Achievement (JA), the world's largest non-profit organization promoting economic educational activities for youth.

\* Daiwa Securities Information TV offers economic and financial programs centered on market news. It airs on Sky PerfecTV channel 766 and some cable TV channels from 7 a.m. to 2 a.m. For more information (in Japanese only), please see <http://daiwa766.jp/>.

## Economic and Financial Education Initiatives

Activity	Description	Started	Participants
Support for the Student Company Program (SCP)*	JA's student management program Gives high school students hands-on experience simulating corporate management	Sep. 2003	151
Support for Finance Park*	JA's student personal finance planning workshop Lets students practice creating budgets and study how society and the economy works	Jun. 2005	18,721
Sponsorship of JA's mainstay Global Leadership Forum for elementary, middle, and high school teachers*	Offers multi-faceted lectures, panel discussions, and case studies on recent developments in the global economy	2003-2007	2,159
Support for founding and operation of Japan Council for Economic Education (JCEE)	Economic education for teachers Text: <i>Life is a Series of Choices</i>	Jan. 2009	—
Daiwa-JFS Sustainability College	Daiwa Eco Fund's endowed lectures Promotes awareness and practical action in the next generation	Oct. 2006	1,182

\*Programs of Junior Achievement, the world's largest non-profit organization promoting economic educational activities for youth

WEB Please visit our website for more details. <http://www.daiwa-grp.jp/english/csr/report2010/kadai2>

# Raising the Next Generation with Economic and Financial Education

To learn about the economy is to understand how society works and how to participate in it. It teaches people they can change society through the responsible use of their own money, encouraging them to build rich lives and communities with the right financial decisions. Such a mindset can also help foster sound financial and capital markets.

## Teaching students that they can change the world by making solid choices

"Economic education is not about how to make money. It's about teaching students they can transform society by making careful decisions about how to use their money as they shift it from savings to investments. Imparting this lesson is the goal of our economic and financial education efforts." So says Toru Iwai, Deputy General Manager, CSR Promotion Department. "Educating as many young people as possible about Socially Responsible Investments (SRIs) can help lead to the development of sound financial and capital markets."

The Daiwa Securities Group has worked with the economic education organization Junior Achievement (JA) Japan on a variety of projects. "However," says Iwai, "this experience has made us more aware of the need for teachers also to become more deeply involved in economic education so that more students can be reached."

To encourage teachers to get more involved in economic education initiatives, JA joined hands with the US Council on Economic Education (CEE) to found the Japan Council on Economic Education (JCEE). The Daiwa Securities Group is the main sponsor of the JCEE and cooperates with seven other leading firms in supporting its activities. The JCEE has created a text entitled *Life is a Series of Choices*, which were based on original CEE texts and prepared specifically for a Japanese audience. Daiwa is working with high school teachers and corporate volunteers on planning and editing the materials in order to make an interactive approach to the lessons.

## Encouraging students to tackle problems and find their own solutions by taking action

The objective of *Life is a Series of Choices* is to deepen students' understanding of society and the economy through interactive, hands-on lessons emphasizing intellectual challenges and the free exchange of ideas. Iwai explains that "so far, many schools have been using translated US high school economics texts, but this one will be different, because it really reflects the situation in Japan."

Creating the materials involved mock lessons and feedback from teachers and students. The project entailed heavy revision work lasting more than one year, and the finished text will be distributed free of charge from June 2010 to any teacher in the country expressing interest. There will also be supplementary courses for teachers on how to use it.

The head of the editorial board, Hideho Motosugi, a teacher at Waseda University Senior High School, says, "*Life is a Series of Choices* is not supposed to be an ordinary textbook. Rather than deal with issues that have already been solved, it encourages students to tackle problems and find their own solutions, because in real life there are no scripted answers."

## Enriching lives by creating solid choices

Lessons begin with teachers posing questions. Students think of possible solutions, choose from among these options, and then test their theories in class-wide discussion. Students also consider the benefits, as well as opportunity costs, of the options



The JCEE's real life-oriented economy and finance text, *Life is a Series of Choices*



Hideho Motosugi, teacher  
at Waseda University  
Senior High School

they decided against through role playing. “Life is a series of decisions. What will be the implications of your choices for society and for you? We would like students to see that learning how to make choices can help them lead richer lives,” says Motosugi. “Education today focuses on cramming students’ heads with facts. What we’re trying to teach them is how to think, so that they can come up with inspired ideas on their own. Expanding their perspective and taking on new challenges will help them grow as citizens, which will in turn enrich society.”

## Economic education that produces responsible citizens

“The economy is intricately linked with everyday life. Before students graduate, we would like them to know that they can help chart the course of society and that their choices can change the world,” says Iwai. “We are not teaching students to put profit above all else. Rather, we are trying to show them how the pursuit of profit impacts society. Our aim is for students to see that economic activity and investments should always take this into consideration. We also hope that these lessons will help them grow into responsible citizens who can act on their own accord and who understand how their actions affect their surroundings. These are the two main goals of Daiwa’s economic and financial education initiatives.”

## Text expresses the hopes of all those concerned about a brighter future for children

“I’m very happy to be involved in this project,” says Mr. Motosugi. “The JCEE is an organization that brings together people who are thinking about the future of Japanese society and our children. Daiwa’s cooperation is invaluable given its position in the real business world. Its support is tremendously encouraging, and I am grateful.”

From planning to execution, the JCEE has solicited the direct participation of businesses and educators at

all stages of the process. With each participant bringing unique strengths to the table, the project has the potential for enormous success. This is because stakeholders in the project’s outcome are working closely together, aiming to build a brighter future by enhancing students’ critical thinking skills through economic education.

Mr. Motosugi adds: “We hope to touch the lives of as many students as we can by spreading the materials to every corner of the country. Building awareness of the text first is critical, so getting the word out to a large audience is our most pressing issue.”

Even though the text is finally complete, the rest of the work has only just begun. The Daiwa Securities Group will continue to actively lend its support.



Toru Iwai, Deputy General Manager, CSR Promotion Department,  
Daiwa Securities Group Inc. (second from left)

## A Word from a Stakeholder



**Looking forward to Daiwa’s continued contributions as a partner in economic education**

**Takeo Shiina**

Chairman of the Board,  
Junior Achievement Japan and  
Japan Council on Economic Education

From the start, the Daiwa Securities Group has taken an active role in our activities. In addition to financial support, President Suzuki and the management team have actively dispatched employees to schools and program sites. Thanks in part to these initiatives, we have received many grateful comments from students who say they now feel they have the skills with which to plot out their lives.

On behalf of the JA and the JCEE, which focus on furthering economic education for students and teachers, respectively, I look forward to the continued support of the Daiwa Securities Group, a key partner in promoting economic education.

To inquire about *Life is a Series of Choices*, please contact JCEE through Junior Achievement Japan. Tel: +81-3-5414-1175.





# Building a Rewarding Workplace for Executives and Employees

Nothing is more important for the sustainable growth of the Daiwa Securities Group than its human resources.

Positioning this belief as one of our core business strategies, the Daiwa Securities Group has assembled the best personnel in the industry and established a rewarding working environment, one in which highly-motivated executives and employees can challenge themselves to excel professionally on a daily basis.

With this in mind, the Group established the Work-life Balance Promotion Committee and designated President and CEO Shigeharu Suzuki as its chairman to realize its goal of enabling a variety of working styles.

The Group also has been striving to transform executives' and employees' work practices by introducing the various measures shown in the chart below. This is because we believe there is a direct link between the high level of executive and employee satisfaction and that of customers and shareholders.

## Measures to Promote Work-life Balance and Progress

Measures		Indicator	Progress	
			Before	After (as of FY09)
Feb 2005	Establishment of Women's Support Action Team	Number of female managers <sup>1</sup>	75 people	Approx. doubled → 159 people
Oct 2005–	Expansion of childcare and nursing care programs	Number of employees taking childcare leave	115 people (no men)	Approx. tripled → 320 people (incl. 16 men)
Apr 2007–	Job relocation system <sup>2</sup>	Number of users (cumulative since FY07)	—	48 people
Jun 2007–	Directive asking executives and employees to leave office before 7:00 p.m.	Overtime working hours (monthly avg.)	26.2 hours	Down 4.1 hours → 22.1 hours
Jun 2008–	Policy to encourage executives and employees to take paid leave	Paid leave usage rate (per year)	37%	About 1.5-fold rise → 56%

<sup>1</sup> Deputy general manager or higher

<sup>2</sup> Offers position in new location when an employee must relocate due to marriage or spouse's job transfer (eligible to employees who are not subject to transfers that require change of residence).

Note: For scope of data, see our Website.

**WEB** Please visit our website for more details. <http://www.daiwa-grp.jp/english/csr/report2010/wlb>

# Work-life Balance: A Fulfilling Personal Life as Part of Overall Job Quality

At Daiwa, we see a fulfilling personal life as essential to maintaining motivation and efficiency. The entire corporate group has made work-life balance a key component of a human resource strategy that seeks to enhance executive and employee output by ensuring their lives are satisfying both in and out of the office. Our unwavering belief that our people are the backbone of our operations serves as a constant reminder of the gravity of this policy.

## Using paid leave to help address poverty issues abroad

"To work effectively, you have to be able to clearly distinguish whether or not you're in job mode," explains Yasuhiro Wakabayashi, Associate, Product Group, Capital Markets Department, Daiwa Securities Capital Markets. Since joining the company in 2007, Wakabayashi's work has focused on bond issuances by central governments and international organizations in Asia, as well as corporate bonds.

Negotiations with overseas clients are a near daily occurrence for Wakabayashi, and communication with people in distant time zones frequently prevents him from leaving the office before 7:00 p.m., forcing him to concentrate on performing his job more efficiently in the interest of freeing up personal time. "When I'm able to take time off from work between projects, I really try to do something meaningful. I recently spent nine days on leave in Thailand," he said.

As a university student, Wakabayashi set up an NGO in a poverty-stricken area of Thailand to uncover products and technologies unique to the area that might foster

sustainable industry and generate steady income for the residents. "Poverty is not intrinsic to life on this planet, and I would like to see it overcome," he said echoing the organization's mission.

Wakabayashi remains active in the NGO. "Honestly speaking, I thought having a career would spell an end to my trips to Thailand, but thanks to the company's flexible vacation policies, I have been able to go twice this year," he stated.

"Creating a microfinancing program through the NGO had been a dream of mine, and I could think of no better investment bank to handle Japan's first Microfinance Bond than Daiwa," Wakabayashi said. When he submitted a report on microfinancing to senior management, his ambition was recognized, and he became involved in Daiwa's first Microfinance Bond issuance in 2009. "It was the first time I was able to hatch my own idea through my job. It was a terrific experience," he adds.

## Improving job performance while raising children

Mariko Morita of the Client Support Department, Kameido Branch, Daiwa Securities, joined the company after graduating from university in 1992. Three years later, she resigned to fulfill her dream of studying a foreign language overseas, but then returned to Daiwa to work part-time in 2000. She left the company after having a child and joined Daiwa a third time in 2006 after having a second child. "Daiwa has many highly motivated people who I respect. It was the natural choice for me when I decided to start working again," Morita says.

In 2009, Morita became a full-time employee, working in customer service. She first obtained licensing as an Associate Financial Planner and then as a full-fledged Certified Financial Planner. Describing the reasons for her decision to obtain these credentials, she explained, "Times at the office when I was unable to answer customers' questions opened my eyes to my need



Yasuhiro Wakabayashi, Associate Product Group, Capital Markets Department, Daiwa Securities Capital Markets Co. Ltd.





Mariko Morita, Client Support Department, Kameido Branch, Daiwa Securities Co. Ltd.

for further study. Daiwa's support in obtaining these qualifications was invaluable."

In keeping with her enterprising dedication at work, Morita was promoted to an area-based career-track employee in April 2010. Reflecting on her success, she said, "The younger of my two children is six, so she still needs quite a bit of care. Fortunately, Daiwa has a system in place to exempt people from overtime until children finish third grade, making it possible for me to balance work with my home life even with this promotion."

## Time constraints bolster efficiency

These are just two examples of Daiwa employees, juggling NGO activities and work or seeking to advance in the company while raising children. On addressing the challenge of balancing one's goals inside and outside of the office, Wakabayashi commented, "Work efficiency is pivotal to paring overtime. The first thing I do when I arrive in the office in the morning is to schedule the finishing time for every task on my plate." Concurring with his view, Morita adds, "I think raising children has helped me learn how to budget my time."

When asked about their future goals, Wakabayashi says, "It will be something that, like microfinancing, has a significant social impact. I would like to make a difference." Morita adds, "I would like to build long-term professional relationships with our customers to help them achieve their financial goals. For this reason, I plan to sit for the securities analyst exam." Although they are two very different employees with very different goals, both are using experiences from their private lives to enhance their job performance.

## Unequivocal commitment to ensuring work-life balance

Both Wakabayashi and Morita agree that Daiwa's corporate culture has changed over the last two years and the company's dedication to ensuring work-life balance is now unequivocal. "I don't think there are any other Japanese companies where the boss nudges you out the

## Building a Rewarding Workplace for Executives and Employees

door at the end of the day or encourages you to take days off quite as enthusiastically as here," says Wakabayashi.

Echoing the same sentiment, Morita notes, "I never get the feeling that I shouldn't be going home on time or asking for a day off for one of my children's school activities. The job allows me to raise my children without worrying about being tied to my desk. When I had my first child, maternity leave programs were in place, but they were not as easy to take advantage of as they are now. Under the current rules, I don't think I would have had to leave the company."

"I feel Daiwa has done everything it can to accommodate working mothers in the last few years," Morita said. "I do what I can," her husband chimed in, "but I'm grateful that her company is so flexible."

Wakabayashi adds: "The company makes its expectations clear. After that, it's up to each person to decide what to do. For me, my life encompasses more than just what I do outside the office. Being truly happy means balancing work and private time," he said. Morita agrees, saying, "My home life is indispensable, but I don't think I could ever truly be happy if my job wasn't rewarding as well."

Although personal fulfillment carries very different meanings for Morita and Wakabayashi, they share a common vision of balancing work and personal time. At Daiwa, we feel that the diverse viewpoints of our executives and employees will broaden the scope of the value we provide to society. It is in this spirit that we believe efforts to foster work-life balance can enhance corporate value.

### A Word from a Stakeholder



**A call for increasing men's role in the household and mobilizing employees to serve the community**

**Yoshihiro Katayama**  
Professor of Law, Keio University

Given the dominance of Japanese men both in society and at home, efforts to make the workplace more inviting to women will only serve to make their lives more arduous. To increase men's role in the family, child-rearing programs need to be made more accessible to men. I also support the idea that companies should encourage their people to engage in at least one community service activity, such as firefighting, neighborhood associations, or the PTA. I believe that raising children and the experience and knowledge gained from community service contribute to a more fulfilling life and can enrich work as well.



## Stakeholder Dialogue 2

# Promoting Sustainability via the Financial Business and CSR

In January 2010, the Daiwa Securities Group signed the UN Global Compact.\* We took the opportunity to seek input on how we might take our commitment to CSR activities to the next level, asking experts in the field to join us for a discussion on 15 March 2010 about our past, present, and future social obligations as a financial institution.

\* The UN Global Compact was established in 2000 under the UN Secretariat after an initiative launched in 1999 by former Secretary General Kofi Annan. The membership consists of global corporate leaders who are expected to align their business practices with ten principles in the fields of human rights, labor, environment, and anti-corruption in their business activities, in partnership with UN agencies, labor, and civil society.

### Global compact a way for Daiwa to raise awareness in Japan and forge ties with global leaders

**Uehara:** In January 2010, the Daiwa Securities Group joined the UN Global Compact, the first securities firm in Japan to do so. We share the principles of the Compact, so our decision to sign on was a way for us to strengthen our commitment to social responsibility and incorporate the spirit of the Compact in our business.

**Wakabayashi:** By publicly announcing our reasons for joining, we hoped to build interest about global challenges within Japanese society and become more involved in growing efforts to promote global cooperation.

**Arima:** The Global Compact focuses on getting companies to incorporate CSR into their business activities. In this sense, a securities firm is

well-positioned to have a significant influence on society because its job is to provide funding for businesses and public sector organizations and to broker deals for investors.

**Wakabayashi:** Developing products that channel money to where it is needed anywhere in the world will help us fulfill our social responsibilities. Our employees are also very interested in doing that kind of work.

**Akiyama:** Changing society for the better by helping direct the flow of funds is one of the financial industry's most important functions. In that sense, finance has a major role to play in dealing with global problems like the environment and poverty.

**Arima:** The Global Compact also stresses the importance of partnerships. In particular, I expect that finance can indirectly support improvements in the situation of the most vulnerable—people who suffer from poverty, health problems, and gender discrimination. Forming such bonds opens the door to a wide range of opportunities.

**Akiyama:** In the US and Europe, financial institutions engage in various partnership initiatives, sometimes with the UN, and they also have submitted many proposals to their respective governments. However, that sort of partnership activity by financial institutions has not functioned well in Japan, so I hope Daiwa Securities Group will take the lead in that regard.

**Arima:** For example, there is relatively little Japanese representation in leadership summits for top executives or the subcommittees where member firms hold discussions. I hope that Daiwa becomes an active participant in these sorts of forums.



**One Akiyama**

President, Integrex Inc.



**Toshio Arima**

Executive Corporate Advisor of  
Fuji Xerox Co., Ltd.,  
member of the United Nations Global  
Compact Board, and Chairman,  
Global Compact Board Japan

## Two major initiatives to create a brighter future and better society

**Uehara:** At Daiwa, one of our major objectives is to offer financial services that contribute to creating a sustainable society. Selling Microfinance Bonds and Vaccine Bonds has meant a lot for both customers and employees as it is easy for them to see how these products benefit society.

**Wakabayashi:** People are generally altruistic—they want to contribute to society. It's our job to produce good products that reflect their good will, and in a timely fashion.

**Shimazu:** Offering socially responsible investments (SRI) has also had a major impact on our employees, who feel proud to sell products that help solve society's problems. People are amazing—give them something that makes their jobs more meaningful, and it becomes a powerful inspiration for them.

**Uehara:** These bonds came from our teams on the ground, which took the initiative in convincing us to create products like this. Watching how motivated they became when working together across divisions was really thrilling.

**Akiyama:** A good product can change an entire company. On the front lines, enlightened employees together will start to figure out how to solve social problems within their business domains. They then become quite motivated once they see their ideas



**Masaki Shimazu**

Deputy President  
Head of Administration Division  
Daiwa Securities Co. Ltd.  
(At time of dialogue: Representative  
Senior Managing Director)



**Takatoshi Wakabayashi**

Senior Managing Director  
Chief Internal Administration Supervisor  
Daiwa Securities Capital Markets Co. Ltd.  
(At time of dialogue: Managing Director)



**Keiko Uehara**

Corporate Executive Officer  
Daiwa Securities Group Inc.

taking shape as an actual product. Having something concrete helps make people feel proud of what they're doing. The customers appreciate it, too. It's a virtuous cycle.

**Shimazu:** Another major objective at Daiwa is to develop sound financial and capital markets to pass on to future generations. We think the best way to do this is through education.

**Akiyama:** I think proper financial education is very important. Unfortunately, in Japan, money has a bad reputation for being "dirty." The key, thus, is to find ways to shed a positive light on decent ways of making and using money. With that in mind, I hope your efforts will focus on helping people understand the role and basic concepts of finance.

## Sustainable corporate growth—impossible without work-life balance

**Arima:** "CSR is a core part of management" means good working conditions viewed from the employee's perspective. I am personally very interested in the diverse ways people can work today. The term "work-life balance" usually focuses on maternity leave and nursing care, but it really has a wider meaning. I feel that we should aim for higher productivity at "work" in balance with a happier "life."

**Shimazu:** Every company touts its work-life balance policies these days. However, I am confident that we are the absolute best in terms of how seriously we take treating our employees well. Securities firms typically require brutal work hours, so encouraging people to leave at 7:00 p.m. is nothing short of revolutionary.

**Uehara:** If you just sit at your desk and interact only with your co-workers, you'll never form new ideas about how to approach your work. The only way to identify the needs of your customers and society is to come across them in your own everyday life as a citizen in the community. Therefore, I think work-life balance is an effective means of improving the quality of work, and necessary if a company is to grow.

**Akiyama:** Some people prefer the term "work-life blend," and I think that's a more accurate description. Basically, work is a part of life, and vice versa. Women are usually the subject of focus when the issue of work-life balance comes up, but I think men need to reconsider their lifestyles, too. Employers can use PDCA (Plan-Do-Check-Action) to find out how their workers feel about their efforts to promote a work-life balance, evaluate the effects of such programs, and fix what needs improving.



## CSR Issues: Performance and Targets

This section reports the fiscal 2009 results and fiscal 2010 targets for the wide range of initiatives conducted by the Daiwa Securities Group to help build a more sustainable society.

		Targets for Fiscal 2009
<b>Key Issue 1 Leveraging Financial Capabilities to Contribute to a Sustainable Society</b>		<ul style="list-style-type: none"> <li>● Enhance links among group companies concerning socially responsible investment (SRI).</li> </ul>
<b>Key Issue 2 Developing Sound Financial and Capital Markets for the Next Generation</b>		<ul style="list-style-type: none"> <li>● Expand and promote economic and financial education initiatives.</li> <li>● Communicate more information about environmental issues.</li> <li>● Communicate more information about sustainability on the Daiwa Securities CSR website (continued).</li> </ul>
<b>CSR Management</b>		<ul style="list-style-type: none"> <li>● Collect and provide CSR-related information.</li> <li>● Provide more CSR-related information throughout the Group.</li> <li>● Conduct CSR survey of executives and employees and utilize feedback in CSR activities.</li> </ul>
<b>Corporate Governance</b>		<ul style="list-style-type: none"> <li>● Create documentation on internal controls for financial reporting and improve and increase the efficiency of the verification of these operations.</li> <li>● Promote business continuity planning (BCP).</li> </ul>
<b>Compliance</b>	<b>Entire Group</b>	<ul style="list-style-type: none"> <li>● Continue to implement compliance training programs.</li> <li>● Enhance initiatives to avoid relationships with organized crime.</li> </ul>
	<b>Daiwa Securities</b>	<ul style="list-style-type: none"> <li>● Make ongoing improvements to operating quality.</li> <li>● Improve the effectiveness and efficiency of internal controls.</li> </ul>
	<b>Daiwa Securities Capital Markets</b>	<ul style="list-style-type: none"> <li>● Maintain management systems based on a review of firewall regulations and other measures.</li> <li>● Strengthen information safeguard system (continued).</li> </ul>
<b>Information Disclosure</b>		<ul style="list-style-type: none"> <li>● Continue to disclose non-financial information.</li> <li>● Carry out efficient IR activities.</li> <li>● Improve and make effective use of IR channels.</li> </ul>
<b>Relationship with Customers</b>		<ul style="list-style-type: none"> <li>● Actively pursue post-sales follow-up (continued).</li> <li>● Improve skills of sales force.</li> <li>● Improve customer-interface skills of branch counter staff.</li> </ul>
<b>Relationship with Shareholder</b>		<ul style="list-style-type: none"> <li>● Take action to boost shareholder expectations.</li> </ul>
<b>Relationship with Executives and Employees</b>		<ul style="list-style-type: none"> <li>● Develop professional workforce that combines expertise and loyalty.</li> <li>● Achieve a far-reaching work-life balance program.</li> <li>● Accelerate appointment of female managers who will assume leadership roles in the Japanese financial industry.</li> </ul>
<b>Relationship with Society</b>		<ul style="list-style-type: none"> <li>● Enhance information dissemination of corporate citizenship activities within the Group.</li> </ul>
<b>Environmental Impact of the Daiwa Securities Group</b>		<ul style="list-style-type: none"> <li>● Reduce environmental impact.</li> </ul>

\*Rating indicates self-evaluation of fiscal 2009 results: ● = success (significant), ○ = success (moderate), △ = additional effort needed, × = not achieved.

Results for Fiscal 2009	Rating*	Targets for Fiscal 2010
<ul style="list-style-type: none"> <li>Established cross-departmental group links, leading to the development and sale of three Impact Investment-based bonds (roughly ¥65 billion in total) contributing to the resolution of social issues.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Develop and sell at least ¥100 billion in Impact Investment bonds.</li> <li>Consider other Impact Investment products such as investment trusts.</li> </ul>
<ul style="list-style-type: none"> <li>Boosted domestic and overseas collaborations, including support for an entrepreneur training exchange with Tokyo University and Peking University. Promoted business-academic collaborations based on core operations, starting with course endowments.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Strengthen ties with domestic and overseas universities and also monitor and further promote the performance of these relationships.</li> <li>Provide employees with training in financial philosophy (ethics as financial supporter).</li> <li>Pursue wide distribution of the "Life is a Series of Choices" text to teachers.</li> <li>Hold study sessions for students on the topic of social business.</li> </ul>
<ul style="list-style-type: none"> <li>Provided richer information on green innovations and other topics.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Communicate more information about environmental issues (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Provided more up-to-date and deeper information on the Daiwa Securities Group website, including microfinance webpage.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Enhance information dissemination through Daiwa Securities Information TV and website.</li> </ul>
<ul style="list-style-type: none"> <li>See Key Issue 2.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Hold dialogues with experts at least once a month to improve executive and employee awareness, and promote internal and external communication through the dissemination of information.</li> </ul>
<ul style="list-style-type: none"> <li>Disseminated information through company intranet and in-house magazines.</li> </ul>	○	
<ul style="list-style-type: none"> <li>Conducted CSR survey of all group executives and employees and identified key CSR issues.</li> </ul>	○	
<ul style="list-style-type: none"> <li>Ironed out and simplified documentation of internal controls for financial disclosure and improved efficiency of verification operations.</li> <li>Improved the effectiveness of internal controls for financial reporting by introducing a new consolidated accounting system.</li> </ul>	○	<ul style="list-style-type: none"> <li>Establish a firmer global internal control scheme to further strengthen the trust of stakeholders and thus ensure sustained growth.</li> </ul>
<ul style="list-style-type: none"> <li>Created manual to provide executives and employees with a basic knowledge of the H1N1 virus and related countermeasures.</li> <li>Expanded the back-up office functionality of the Tama Training Center.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Establish groupwide BCP scheme.</li> </ul>
<ul style="list-style-type: none"> <li>Checked awareness of corporate ethics and conducted related training.</li> <li>Conducted compliance training through e-learning.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Further ensure thorough awareness of corporate ethics and compliance.</li> </ul>
<ul style="list-style-type: none"> <li>Had group companies gather and collate data on organized crime.</li> <li>Exchanged information with public organizations and other entities to ascertain trends in organized crime.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Strengthen efforts to eradicate organized crime and block relationships with any such elements.</li> </ul>
<ul style="list-style-type: none"> <li>Promoted initiatives with a focus on upgrading and encouraging self improvement efforts by branches and head office units.</li> </ul>	○	<ul style="list-style-type: none"> <li>Make ongoing improvements to operating quality (continued). Revise internal rules, operating procedures, and other guidelines. Strengthen scheme to eliminate unfair trade.</li> </ul>
<ul style="list-style-type: none"> <li>Achieved greater effectiveness by checking the success of related methodologies and IT support.</li> </ul>	○	<ul style="list-style-type: none"> <li>Support branch efforts to beef up internal controls.</li> </ul>
<ul style="list-style-type: none"> <li>Identified company and transaction relations subject to controls concerning conflicts of interest and appointed managing officers to ensure upkeep of rules, revisions of control systems, and awareness through training.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Take actions to address amendments to the Financial Instruments and Exchange Law.</li> </ul>
<ul style="list-style-type: none"> <li>Prepared and disseminated case studies on corporate information control.</li> </ul>	○	<ul style="list-style-type: none"> <li>Step up related initiatives, including actions against organized crime.</li> </ul>
<ul style="list-style-type: none"> <li>Made proactive disclosures through annual reports, business reports and other publications, as well as through analyst meetings and other venues.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Actively disclose information, including non-financial content, demonstrating the unique or differentiating features of the Group.</li> </ul>
<ul style="list-style-type: none"> <li>Improved quality of IR information while staying cost effective.</li> <li>Updated IR webpage.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Carry out efficient IR activities (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Provided clearer information in disclosure documents. Overhauled IR webpage to make it more user friendly.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Improve and make effective use of IR channels (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Continually provided domestic and foreign market projections through target/purpose-specific seminars.</li> <li>Provided more timely information on the Daiwa Securities webpage.</li> </ul>	○	<ul style="list-style-type: none"> <li>Actively pursue post-sales follow-up (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Provided training for AFP, CFP, and other certifications, and encouraged TOEIC test taking.</li> </ul>	△	<ul style="list-style-type: none"> <li>Improve skills of all employees.</li> </ul>
<ul style="list-style-type: none"> <li>Had head office staff carry out periodic on-site checks and continual guidance.</li> <li>Provided continual hands-on hospitality training to new branch counter staff.</li> </ul>	○	<ul style="list-style-type: none"> <li>Improve customer-interface skills of branch counter staff (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Maintained and expanded number of individual shareholders thanks to solid shareholder expectations.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Take actions to boost shareholder expectations (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Modified HR systems to ensure all executives and employees remain highly motivated.</li> <li>Provided focused training to improve skills and expanded language training programs.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Develop professional workforce that combines expertise and loyalty (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Expanded short-work day programs, back-to-work support, consultation, and support web pages.</li> <li>Encouraged 7PM rule and vacation taking, and promoted stronger awareness through internal seminars.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Achieve a far-reaching work-life balance program (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Added four women to the executive team and appointed six new female general managers.</li> <li>Additional initiatives were considered by work life balance committee and career support team.</li> </ul>	◎	<ul style="list-style-type: none"> <li>Accelerate appointment of female managers who will assume leadership roles in the Japanese financial industry (continued).</li> </ul>
<ul style="list-style-type: none"> <li>Introduced volunteer work through in-house magazines.</li> <li>Joined the "Chiyoda Volunteer Club" to facilitate participation in volunteer activities.</li> </ul>	○	<ul style="list-style-type: none"> <li>Collaborate with external NPOs to provide richer information internally and increase opportunities for action, with the aim of allowing more executives and employees to participate in corporate citizenship activities.</li> </ul>
<ul style="list-style-type: none"> <li>Plan to report 2009 environmental performance data (CO<sub>2</sub> emissions, energy use) on the Daiwa Securities Group website.</li> </ul>	—	<ul style="list-style-type: none"> <li>Establish system to increase green purchases. Promote efforts internally and work with suppliers.</li> <li>Establish system for efficiently gathering environmental impact data.</li> </ul>

## Company Overview (as of 31 March 2010)

**Name**  
Daiwa Securities Group Inc.

**Headquarters**  
GranTokyo North Tower  
9-1, Marunouchi 1-chome,  
Chiyoda-ku Tokyo 100-6751, Japan

**Telephone**  
+81-3-5555-1111 (main)

**Established**  
27 December 1943  
(Founded 1902)

**President and CEO**  
Shigeharu Suzuki

**Common stock**  
¥247.3 billion

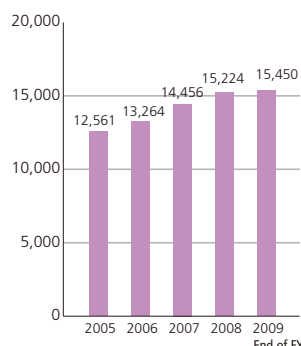
**Number of employees (consolidated)**  
15,450

**Number of consolidated subsidiaries**  
54

**Number of equity-method affiliates**  
7

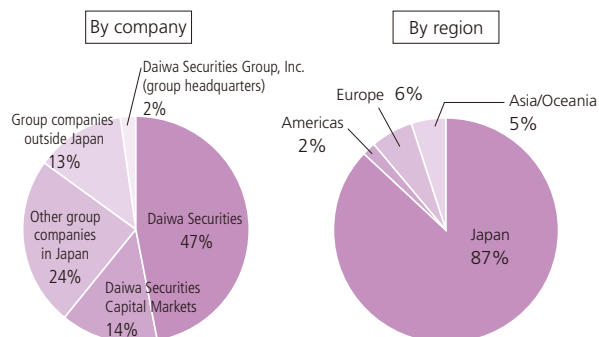
**Shares issued and outstanding**  
1,749,358,772

## Number of Employees (Consolidated)

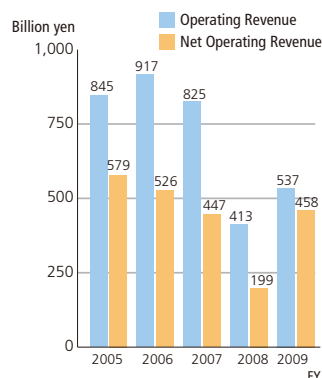


## Workforce Characteristics

(as of end of March 2010)

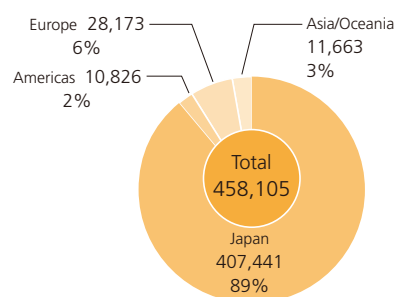


## Operating Revenue and Net Operating Revenue (Consolidated)



## Breakdown of Net Operating Revenue by Region (Consolidated)

Unit: Million yen  
(FY2009)



## CSR Report 2010 Full Edition (Web) (available September 2010)



Details on the Daiwa Securities Group's CSR activities are available on the following webpage. We are endeavoring to provide good faith disclosures concerning important issues for all of our stakeholders.

<http://www.daiwa-grp.jp/english/csr/report2010/>

## Third-party Opinion

Sachiko Kishimoto, Executive Director at the Center for Public Resources Development, a nonprofit organization, comments on the CSR Report 2010 Highlight and Full Editions. Her comments and opinions are available in the Full Edition (Web).





The Daiwa Securities Group is composed of Daiwa Securities Group Inc., the holding company controlling the group companies, and two securities companies, Daiwa Securities Co. Ltd. and Daiwa Securities Capital Markets Co. Ltd. along with various other companies providing securities-related services in order to offer a comprehensive range of investment and financial services.

## Four Core Operations

### 1. Retail Securities Business

Through its domestic network of 119 branches (as of April 2010), a call center, and the Internet, Daiwa Securities offers two retail services, Daiwa Consulting and Daiwa Direct, which provide a wide range of financial products and services as well as support for customer asset management, mainly for individuals and unlisted companies. (Principal company: Daiwa Securities)

### 2. Wholesale Securities Business

Daiwa Securities Capital Markets provides sales and brokerage services, as well as investment banking services, to institutional investors, corporate clients, financial institutions and public organizations in and outside of Japan.

Sales and brokerage services: brokerage and trading of equities, bonds, derivatives, and other financial products, mainly for institutional investors.

Investment banking services: support for corporate operations ranging from business expansion to finance and capital strategies, by assisting the financing activities of corporate clients, financial institutions and public organizations.

(Principal company: Daiwa Securities Capital Markets)

### 3. Asset Management Business

The Group creates and manages stock, bond, and private investment trusts, and provides other investment management services for real estate investment trusts, pensions, and other funds.

(Principal companies: Daiwa Asset Management, Daiwa SB Investments, Daiwa Real Estate Asset Management)

### 4. Investment Business

Using its own funds or through the formation of investment funds, the Daiwa Securities Group invests in areas such as private equity, venture capital opportunities, business regeneration, monetary receivables, and real estate.

(Principal companies: Daiwa Corporate Investment, Daiwa Securities SMBC Principal Investments, and Daiwa PI Partners).

## Group Support Operations

### 5. Research, Consulting, and Systems Business

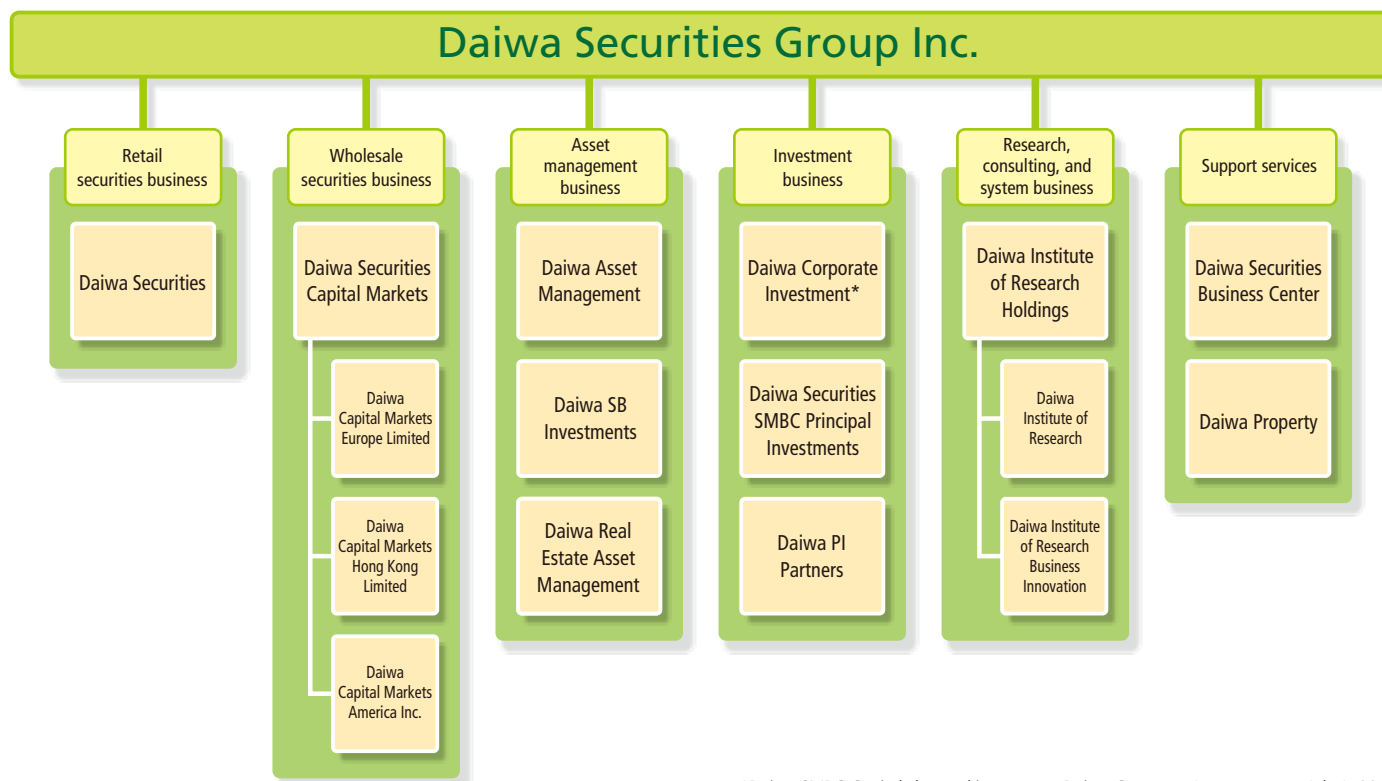
The Group provides information via research reports and other documents, management consulting, IT services, and other offerings to institutional investors, corporate clients, financial institutions, and public organizations in Japan and overseas.

(Principal companies: Daiwa Institute of Research, Daiwa Institute of Research Business Innovation)

### 6. Support Services

The Group provides services in such areas as securities-related administrative outsourcing and real estate consulting.

(Principal companies: Daiwa Securities Business Center and Daiwa Property)



\*Daiwa SMBC Capital changed its name to Daiwa Corporate Investment on July 1, 2010.

# Daiwa Securities Group

