



Daiwa Securities Group
CSR Report

Integrated Report Supplement

2016

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Editorial Policy

We at the Daiwa Securities Group have been reporting our CSR activities annually since FY2002 for the following two objectives: to disclose our CSR activities in an easy-to-understand way and to evaluate the current state of affairs and the challenges we face.

Since FY2015, we have evolved our Annual Report (disclosure report) as an integrated report containing the Group's financial and non-financial information. This CSR Report is designed to disclose non-financial information in a more detailed manner as a supplement to the Integrated Report.

The CSR Report, which is only released on our website, is produced referring the guidelines of the Global Reporting Initiative (GRI) and ISO 26000. Regarding GRI Guidelines, we have referred to the G4 Sustainability Reporting Guidelines since FY2014 and identified our materiality for disclosure. (In FY2015, we also started to take account of the provisional sustainability accounting for the financial sector issued by the Sustainability Accounting Standards Board.) Moreover, we aim to make the report more accessible by utilizing the concept of Color Universal Design in selecting the colors of the document.

The meanings of underlined words are provided in the glossary (p. 72).

Intended Readership

This report is intended for the broad range of Daiwa Securities Group's stakeholders defined by ISO 26000, including customers, shareholders and investors, employees, business partners, and local communities.

Reporting Boundary

This report generally discusses the principal companies of the Daiwa Securities Group. It 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 data specifies the scope of coverage. The term "Daiwa Securities Group" refers to our entire group, while the term "Daiwa Securities Group Inc." and the term "Daiwa Securities" refer to Daiwa Securities Group Inc. and Daiwa Securities Co. Ltd., respectively.

Period Covered by Report

FY2015 (April 1, 2015, to March 31, 2016)

The report, however, also includes some information on events and activities carried out prior to the beginning of or after the end of fiscal 2015, or scheduled to take place during FY2016.

Date of Publication

October 2016

(The previous report was published in October 2015; Publication of the English edition of the next report is planned for October 2017.)

Inquiries

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Tel: +81-3-5555-1111 (Main) E-mail: daiwacsr@daiwa.co.jp Website: <http://www.daiwa-grp.jp/english/csr/>

Reference Guidelines

The GRI Sustainability Reporting Guidelines (G4)

Core subjects of ISO 26000

Sustainability Accounting Standards Board (SASB), sustainability accounting standards for the Financials sector

Ministry of the Environment JAPAN, Environmental Accounting Guidelines 2005

Photos on the cover

The smiles of these children of Daiwa Securities Group employees symbolize our hopes for the creation of a sustainable society.

At the Daiwa Securities Group, we are determined to fulfill our role as a company and our responsibilities as adults to enable these children to live in a happy society when they grow up.

Daiwa Securities Group Profile

Corporate Data

- **Name**
Daiwa Securities Group Inc.
- **Head Office**
Gran Tokyo North Tower
9-1, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-6751, Japan
- **Tel**
+81-3-5555-1111 (Main)
- **Established**
December 27, 1943 (Founded 1902)
- **President and CEO**
Takashi Hibino
- **Capital**
¥247.3 billion
- **Number of employees (consolidated)**
13,701
- **Number of consolidated subsidiaries**
50
- **Number of equity-method affiliates**
10
- **Shares of Common Stock**
(issued and outstanding)
1,749,378 thousand shares
(As of March 31, 2016)

Description of the Daiwa Securities Group's Businesses

The Daiwa Securities Group is a financial services group and operates in such fields as Retail, Global Markets, Global Investment Banking, Asset Management, and Proprietary Investment as its core businesses. Underpinned by the strong unity of the group, we provide a broad range of services.

1. Retail Division

Daiwa Securities offers two retail services, Daiwa Consulting and Daiwa Direct, through its domestic network of 144 branches, contact centers and the Internet, which provide a wide range of financial products and services as well as support for customer asset management, mainly for individuals and unlisted companies.

2. Global Markets Division

This division provides brokerage and trading services of securities and other financial products mainly to institutional investors.

3. Global Investment Banking (Global IB) Division

Through raising capital, this division supports industrial corporations, financial institutions and others in their business expansion and making and carrying out their financial and capital strategies.

4. Asset Management Division

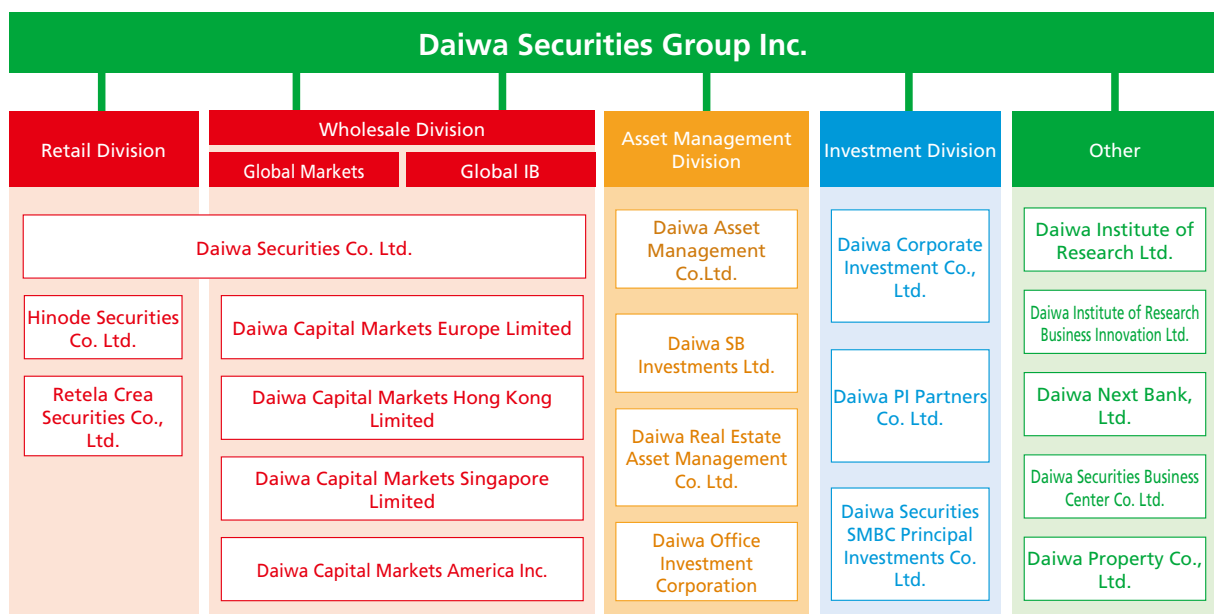
This division sets up and manages investment trusts focusing on a variety of assets, while providing investment advice on pension assets and management services to institutional investors in and outside Japan.

5. Investment Division

The Investment Division invests in areas such as private equity, venture capital opportunities, business regeneration, monetary receivables, and real estate using its own funds and through the formation of investment funds.

6. Other

The Group provides information via research reports, consulting, IT services, and other services to institutional investors, industrial corporations, financial institutions, and public organizations in Japan and overseas.



*As of June 30, 2016

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 personal

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.

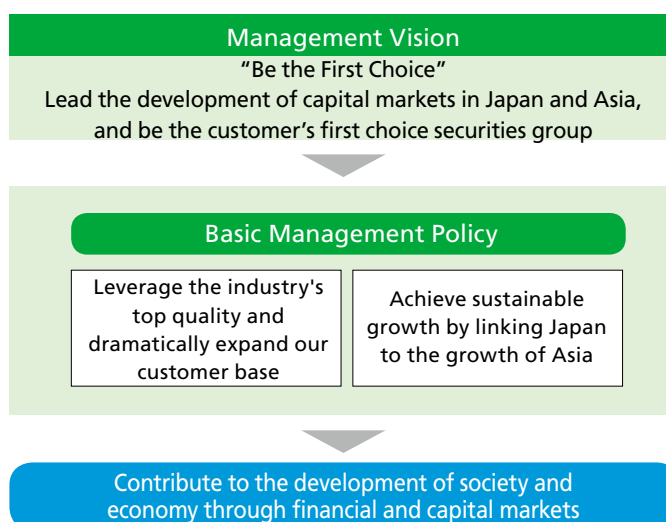
Maintaining healthy earnings results

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.

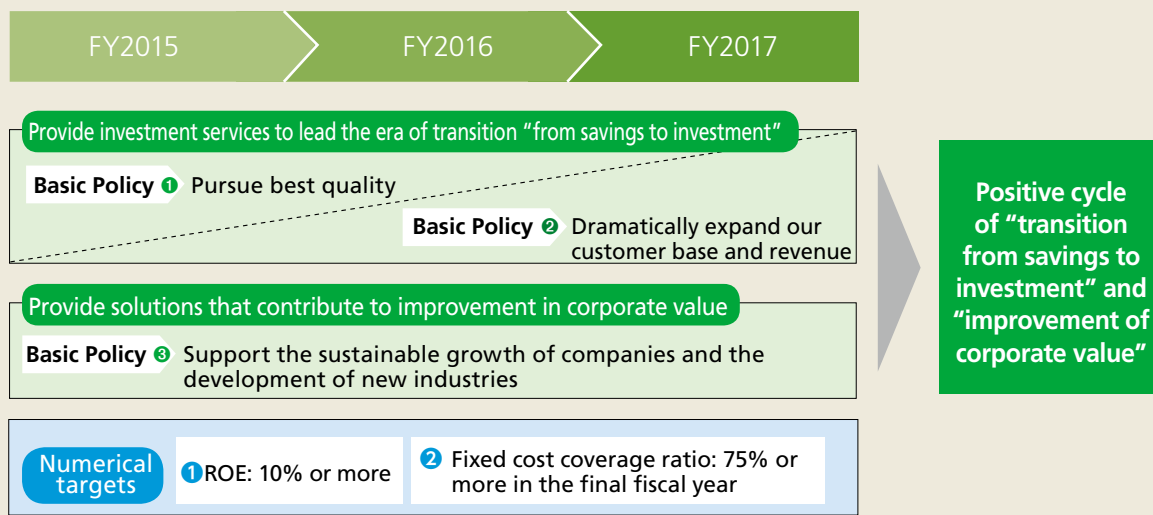
Management Vision and Strategies

The Daiwa Securities Group has formulated "Passion for the Best" 2017, a new Medium-Term Management Plan covering the period through FY2017. The Daiwa Securities Group will pursue growth strategies under the basic policies of attracting customers with the industry's top quality and becoming their best partner, as the "era of transition from savings to investment" gains full momentum.

We believe our social mission is contributing to the development of a sustainable society. This can be achieved by continuously raising corporate value through these growth strategies and other measures as well as supporting sound and stable development of global financial and capital markets.



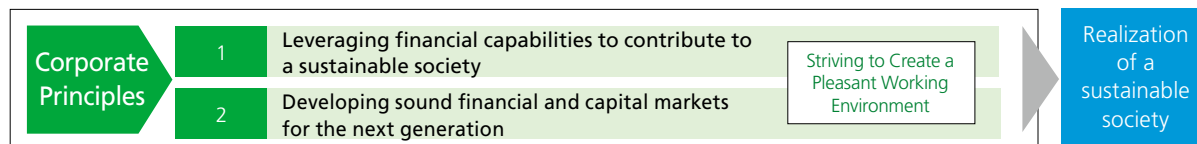
In response to the full-fledged start of an era of transition from savings to investment, attract customers with the industry's highest quality, and become their best partner



CSR Key Issues for the Daiwa Securities Group

At the Daiwa Securities Group, we regard “building trust” as one of our corporate principles. We believe that contributing to the development of society and the economy through financial and capital markets is our social mission and that trust from customers and society supports the Group’s sustained growth.

We are promoting the Group’s CSR activities under three pillars. They comprise the following two CSR key issues and the development of a work environment which serves as a base for promoting these issues:



Maintaining a Balance with Creation of Shareholder Value

In promoting CSR activities, we place a great emphasis on initiatives through business activities. Such initiatives help solve social issues and at the same time, generate commission and fee revenue—tangible value for shareholders. Moreover, a cut in energy costs achieved as a result of initiatives to reduce the environmental footprint of our business activities is also an example of such value.

Value for shareholders is not limited to matters that are easy to gauge. Such intangible value for our shareholders includes trust given to us by customers, a rise in morale of employees and improvement in corporate governance and compliance systems.

While CSR activities generate tangible and intangible value for stakeholders and shareholders, they also incur costs. As with other business activities, due to the limitations of human and other resources, CSR activity costs may grow rapidly when the volume of activities increases. We consider it important to analyze the cost-effectiveness of our CSR activities whilst working on reducing their costs, in assessing value for shareholders.

The Daiwa Securities Group will continue practicing CSR activities with the aim of living up to stakeholders’ various expectations and generating value for shareholders through those activities.

Verification of CSR Key Issues and Responses to Changing Social Requirements

The Daiwa Securities Group recognizes that we are responsible, as a corporate citizen, to various stakeholders when selecting key CSR issues. Meanwhile, social requirements for companies may change over time, and we need to constantly verify whether significant changes are occurring and whether our key issues accommodate these changes.

We believe social requirements for corporations from a wide range of stakeholders have become increasingly diversified and thus more complex to reconcile and that it has become more important than ever to take a balanced approach in considering these diverse demands.

In light of these circumstances, the Daiwa Securities Group has actively participated in external CSR initiatives in Japan and overseas and promoted activities that use various codes in order to identify properly and respond to corporate CSR trends. The following are codes that we place a special emphasis on:

Important External Initiatives for the Daiwa Securities Group

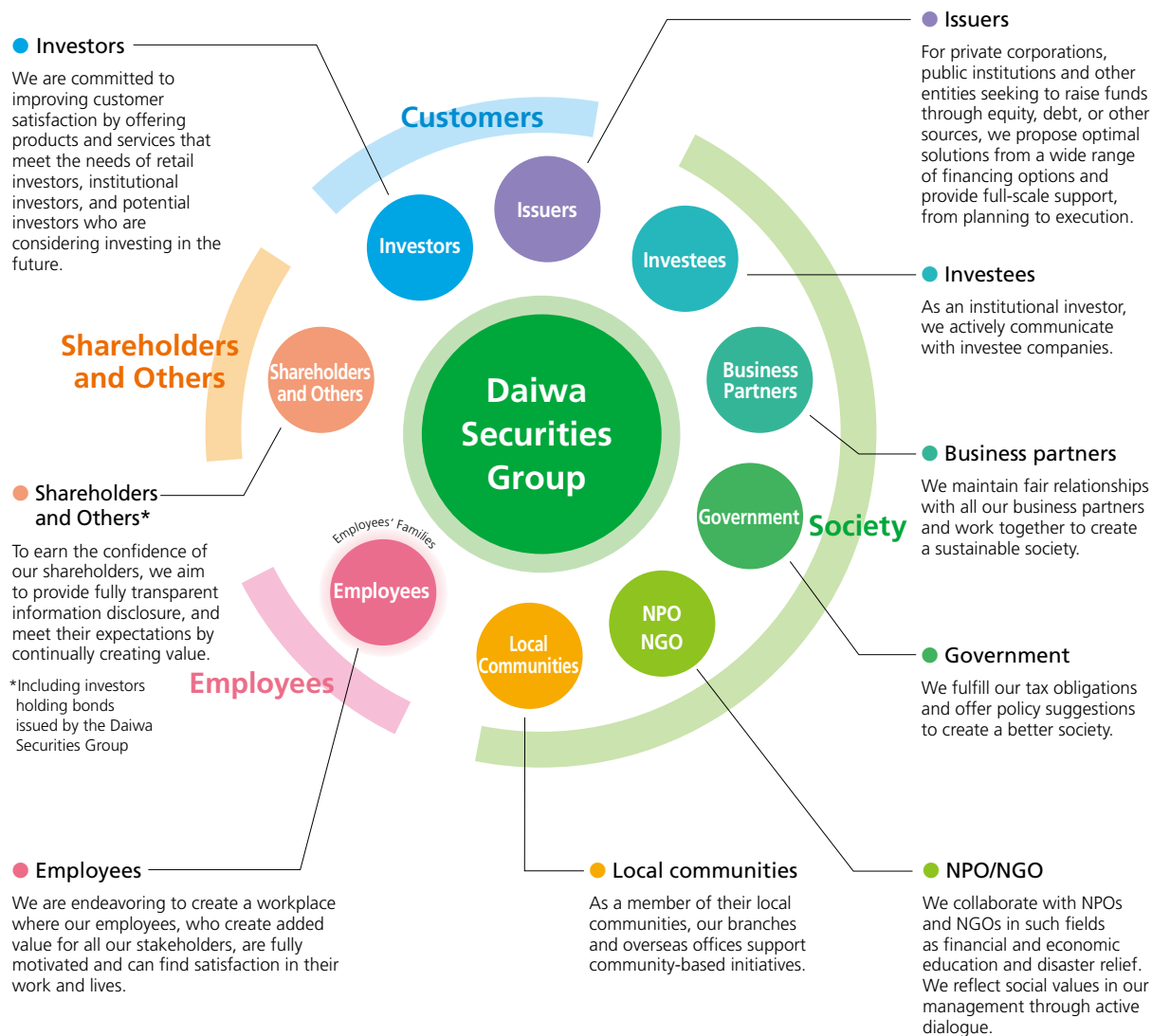
● The United Nations Global Compact (the Daiwa Securities Group signed the Compact in 2010)

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.	Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 2: the elimination of all forms of forced and compulsory labour; and the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.		Principle 8: undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Anti-corruption	Principle 9: Businesses should work against corruption in all its forms, including extortion and bribery.
	Principle 4: the elimination of all forms of forced and compulsory labour; and the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.		

- ISO 26000 ● The Charter of Corporate Behavior of the Nippon Keidanren (Japan Business Federation)
- The United Nations Guiding Principles on Business and Human Rights ● The OECD Guidelines for Multinational Enterprises
- The UN Sustainable Development Goals (SDGs)

Daiwa Securities Group Stakeholders

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



Communication with Stakeholders

We have adopted the following basic policy, considering that communication with stakeholders plays an important role in identifying social demands, which change over time.

Basic Policy (1)

The Daiwa Securities Group will strive to maintain two-way communication with a broad range of stakeholders based on ISO 26000 and the Charter of Corporate Behavior of the Nippon Keidanren.

Basic Policy (2)

The Group will strive to deepen communication with stakeholders already known to us, including customers, shareholders and other investors, business partners, employees and local communities.

Basic Policy (3)

The Group will strive to communicate actively with third-parties in order to identify other stakeholders.

CSR Promotion System

Our officers and employees endeavor to implement our corporate principles through their business operations for the materialization of a sustainable society and our vision.

Specifically, the CSR Group of the Corporate Communication Department at Daiwa Securities Group Inc. actively seeks information and holds dialogues at external and internal meetings. These activities are conducted under the direction and order of the Corporate Communication Officer, an executive managing director under the supervision of the CEO. CSR issues and our progress are shared regularly with the executive managing director at meetings and other occasions.

Furthermore, information on CSR is taught to the Group's newly hired employees. The CSR group promotes and raises awareness of CSR issues throughout branches and departments across Japan and major overseas sites and builds a network of cooperation.

CSR Promotion System

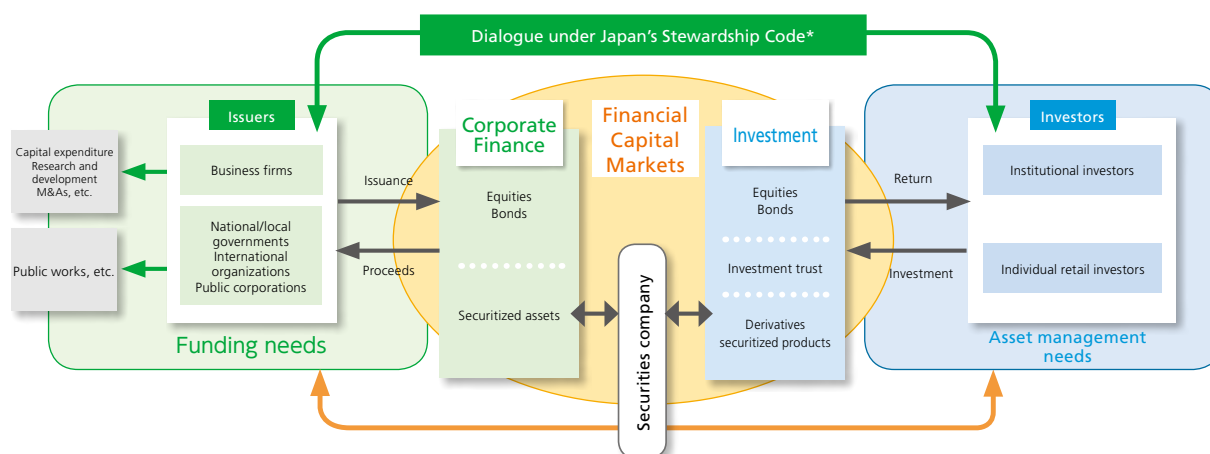


Building and Maintaining a Transparent and Fair Value Chain

For the Daiwa Securities Group, securities such as stocks and bonds are core financial products. Companies and organizations issuing these securities as well as investors in them are therefore our important customers. We believe that endeavoring to build and maintain a transparent and fair value chain is our important responsibility to develop financial and capital markets in a viable way, whilst bearing in mind the construction of a sustainable society. Asset management and sales of investment products are also part of the Group's core operations. As a responsible institutional investor, our Asset Management Division aims to achieve excellent performance by encouraging investees to seek sustainable growth over the medium to long term while appropriately taking ESG factors into consideration.

Meanwhile, in order to ensure that we do not have any relationships with anti-social forces, we have established a set of rules and a database among Group companies and eradicated antisocial forces from our value chain.

Value Chain Management



*Refer to "Role and Social Responsibilities of the Financial Services" on page 11

CSR Materiality of the Daiwa Securities Group

We identified materiality for CSR in FY2014 and have stepped up our CSR activities by focusing on the important aspects identified. We referred to the disclosure requirements shown in the G4 Sustainability Reporting Guidelines, in addition to other guidelines, in an effort to identify important aspects that suit our business model as a financial services group. To identify materiality, we first reviewed the Group's activities from three perspectives: "the provision of good-quality services to customers," "being a supporter for the financial and capital markets, which are part of our social and economic infrastructure" and "being a member of society." We held discussions within the Group, obtaining opinions from third-party experts. We then determined materiality after conducting a questionnaire to relevant departments within the Group to ask about the adaptability and validity of the aspects identified with their operations.

We have disclosed information on the Group's initiatives for materiality. We have also strived to grasp the expectations of our stakeholders and changes in social trends through engagement and will review our initiatives if necessary. Moreover, we will verify "CSR Key Issues" in accordance with changes in materiality.

The Daiwa Securities Group's Materiality

Relevant Items for CSR Report 2016

I. Appropriate proposals and after-sales service in accordance with the characteristics and needs of customers	Provision of Quality Service to Customers	Compliance
II. Customer service with a wealth of hospitality	Provision of Quality Service to Customers	
III. Development and provision of superior financial and investment products	Initiatives through Product Development and Provision	Support for the Creation of Our Future Society
IV. Communication of information of analysis and proposals about economy, society and investment	Communication of Information of Analysis and Proposals about Economy, Society and Investment	
V. Maintenance and development of financial and capital market functions	To Maintain and Develop Financial and Capital Market Functions	Risk Management IT Strategy and the Management of Systemic Risk
VI. Appropriate risk controls	Risk Management	
VII. Appropriate management of customer information	Compliance	IT Strategy and the Management of Systemic Risk
VIII. Construction and maintenance of a strong IT system	IT Strategy and the Management of Systemic Risk	
IX. Responsible action as an institutional investor	Role and Social Responsibilities of the Financial Services	Initiatives through Product Development and Provision
X. Creation of a workplace that values human resource development and diversity of employees	Relationship with Employees	
XI. Creation of a corporate culture to comply with laws, regulations and codes in Japan and overseas, based on self-discipline (including adequate anti-corruption and human rights measures)	Compliance	Risk Management Human Rights Initiative
XII. Reduction of environmental load and responses to environmental changes	Environmental Initiatives	Risk Management
XIII. Initiatives to address social concerns and contribute to future development of society, and financial and capital markets	Role and Social Responsibilities of the Financial Services	Initiatives through Product Development and Provision Support for the Creation of Our Future Society
XIV. Contribution to local communities	Engagement with Society	
XV. Construction and maintenance of an appropriate corporate governance system	Corporate Governance	

Blue Initiatives through Business Activities

Red Initiatives for Supporting Business Activities

Message from Management



Yoshihisa Kaneko

Executive Managing Director
Daiwa Securities Group Inc.

Adapt to Changes through Continuous Verification to Remain as a Company Contributing to Society

A book which argued that major financial institutions have not contributed to society at all was published overseas in 2015, drawing much attention.

This has helped us reaffirm that we should continuously verify what to do in order to live up to the expectations of a wide range of stakeholders.

In FY2014, we identified 15 items as materiality for our social responsibility. We believe all of these items are important to convince various stakeholders that the Daiwa Securities Group plays a useful role in to society. We will continue actively working on them.

Meanwhile, recent advances in artificial intelligence (AI) and other technologies, along with changes in social trends, have demanded that we financial institutions revolutionize our business models. Responses to this major shift will be a significant business chance for the Daiwa Securities Group. In the meantime, these changes could also generate new challenges of how to secure appropriate profits for our shareholders and meet the expectations of other stakeholders at the same time. We may need to significantly amend our materiality.

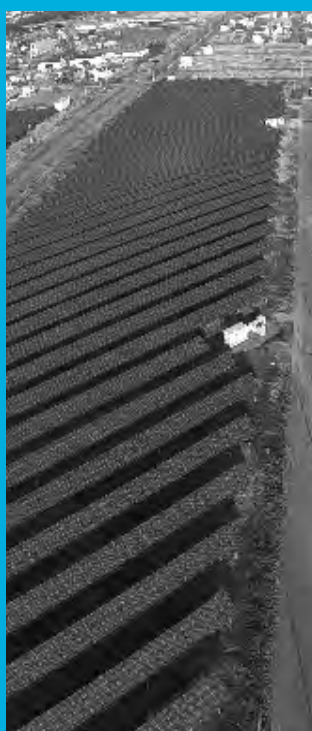
The Daiwa Securities Group has a business history of more than 110 years. We are proud this history is one of creating our own evolution while being aware of our social role. Along with our stakeholders, we would like to continuously verify what role we should play and whether we live up to this role, thereby adapting to this age of significant changes.

Initiatives through Business Activities

Approach and Basic Stance

The Daiwa Securities Group's mission is to contribute to the development of society and the economy through business operations, including wealth management for investors and support for the development of financial strategies and other aspects of corporations and public institutions.

Deepening the bond of trust we share with our stakeholders is essential to the sustainable accomplishment of our mission and achievement of growth.



Role and Social Responsibilities of the Financial Services

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 those of private and public sectors to raise funds.

On the fund-raising side through underwriting equities and bonds, and arranging 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 to 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 company's social responsibility (CSR), such as its environmental and social initiatives, in addition to financial information. In recent years, the Group has put its emphasis on the promotion of financial products based on the concept of Impact Investment, a type of Socially Responsible Investment (SRI), which refers to making more direct, quick-acting investments to resolve social issues. 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.

Mission for Financial Institutions toward Solving Social Issues

The business sector's role in endeavoring to create a sustainable society has become more important than ever. For financial institutions, materialization of such a society through finance, their core capability, is a social mission. At the Daiwa Securities Group, we believe that our role is not only to maintain and develop a fair and dynamic financial market, but also to incorporate a social perspective in finance and to facilitate the flow of money to build a sustainable society.

In January 2010, the Daiwa Securities Group

signed the United Nations Global Compact (UNGC), a platform to help companies that have committed to sustainable and responsible business practices shape their policies, and have proceeded with business activities in compliance with the principles. We will also incorporate into our activities the Sustainable Development Goals (SDGs) adopted in September 2015 at the United Nations Sustainable Development Summit.

● Principles for Financial Action toward a Sustainable Society (Principles for Financial Action for the 21st Century)

The Principles for Financial Action for the 21st Century were drawn up by a committee comprising representatives from a range of Japanese financial institutions. They were tasked with drafting a Japanese version of the Principles for Environmental Financial Action. This was based on a recommendation issued by Japanese Ministry of the Environment's Central Environment Council with the objective of promoting environmental finance. Each signatory institution is expected to endeavor reflecting ESG (environment, society and governance) issues and concerns to its own business practices. The Group was instrumental in the establishment of the principles from the drafting stage to the final framework. Both Daiwa Securities Group Inc. and Daiwa Asset Management Co. Ltd. became signatories in November 2011.

Responsible Action as an Institutional Investor

● Initiatives by Daiwa Asset Management

Daiwa Asset Management announced its adoption of the Japanese version of the Stewardship Code in May 2014 and has been actively working to fulfill its stewardship responsibility.

It has deepened dialogue with investee companies based on the Policy to Hold Constructive Dialogue with Investee Companies announced in June 2014, with the aim of properly understanding the conditions of investees, sharing such assessments, and creating mid- to long-term corporate value. The dialogue held under the policy can be classified into three types.

The first type is dialogue on Corporate Governance held by the company's staff responsible for exercising voting rights. Such dialogue was held about 140 times in FY2015, significantly increasing from the about 100 times it was held in FY2014. The company also revised its policy and standards for exercising voting rights several times, thereby reflecting knowledge obtained from dialogue and the circumstances surrounding

Signed Global Initiatives

- United Nations-supported Principles for Responsible Investment (PRI)
- CDP
- United Nations Global Compact (UNGC)
- Principles for Financial Action for the 21st Century

Number of Corporate Governance related dialogues held

About 100 times (FY2014)
↓
About 140 times (FY2015)
* Results from Daiwa Asset Management

the investee companies. The revisions represent the company's efforts to help the investee companies to improve their corporate value and achieve sustainable growth.

The second type is engagement of analysts and fund managers through research activities. Daiwa Asset Management held such engagement about 1,100 times in FY2015. The Research Department of the company has drawn up an Analyst Handbook (Guide to Analyst Activities Related to the Stewardship Code), which includes important points to be noted when analysts assess companies as well as issues to be considered when they hold dialogue with companies from a mid- to long-term perspective. Engagement has been conducted following the handbook. The company intends to continue focusing on dialogue based on the handbook in order to further enhance its engagement.

The third type is dialogue by an engagement team launched jointly by the Research Department and the Equity Management Department in June 2015. The team selects companies considered to have large scope to increase corporate value among the businesses the company especially focuses on in its active investment, and holds deeper engagement with the selected companies. Such engagement was held 15 times in FY2015. Daiwa Asset Management intends to further reinforce its activities, aiming to create a tripartite win-win situation between the companies' customers, workers and employees, and shareholders.

Daiwa Asset Management has released a Report on the Status of Stewardship Activities on its website (only available in Japanese). The report includes the status of engagement, such as policy, structure, and the number of engagement times by theme, as well as the status of exercising of voting rights and measures to improve stewardship activities.

Investment Policy against Cluster Munitions Producers

The Convention on Cluster Munitions (Oslo Declaration) came into effect in August 2010. As an asset management company in Japan, a country ratifying the convention, Daiwa Asset Management applies basic principles for investments in, and other actions against, cluster munitions producers. Visit the company's website for details of the principles.

Initiatives by Daiwa SB Investments

At Daiwa SB Investments, we are also stepping up dialogue with investees, steadily promoting initiatives to fulfill our stewardship responsibility, and further strengthening such initiatives.

We have increased the number of meetings with the management of companies, such as representative directors and CFOs. We have long focused on engagement with companies antecededly and by actively holding dialogue, urged investee companies to turn their potential into actual business results.

We believe that, as an institutional investor, Daiwa SB Investments has responsibilities to provide investees with advice on how to exercise their potential and how to respond and prevent recurrence when there is a problem. We consider that taking various opportunities to raise issues and urge improvement is our responsibility as an institutional investor and also our mission for the customers entrusting their assets.

From these perspectives, the company has decided to invite highly independent outside directors and establish the Responsible Investment Committee in FY2016 as part of its initiatives to strengthen structure.

Web

Daiwa Asset Management Co. Ltd.
Daiwa Asset Management >
Japan's Stewardship Code

Daiwa Asset Management >
Investment Principle against
Cluster Munitions Producers

Web

Daiwa SB Investments Ltd.
Daiwa SB Investments >
Company Information >
Responsible Action as an
Investor > Our Stewardship
Activities > Our initiatives on
the Japanese Version of the
Stewardship Code (Japanese)

Provision of Quality Service to Customers

Approach and Basic Stance

The Daiwa Securities Group understands that customer trust is the foundation of our business. Based on the idea of the Customer First Principle, our focus is always on finding ways to deliver genuine customer satisfaction.

We have also adopted the idea of hospitality to enhance our existing concept of customer service. We aim to have the most satisfied customers in the financial services industry.

Building Deeper, Stronger Trust with Customers

● Appropriate Explanations for Customers

We aim to build customer satisfaction through quality services, built on understanding customer needs quickly and proposing the best solutions for each customer. Providing faithful and appropriate explanations is paramount for us.

Japan's Financial Instruments and Exchange Law prohibits "solicitation that is improper in light of a customer's knowledge, experience, financial situation and objectives." Daiwa Securities' approach is rooted in this law, but as a part of our hospitality-based service, we strive to deliver explanations that exceed the legal requirements when promoting our financial products.

For example, Daiwa Securities explains to our customers how their investments contribute to society when promoting Impact Investment products aimed at addressing social issues, including Green Notes and Water Bonds, or Daiwa Social Contribution Wrap—Daiwa Fund Wrap with a donation service. We thereby deepen their understanding of these products.

● Active Post-Sale Follow Up

Completing the sale of a product is only the beginning of a securities company's relationship with the customer. Follow up is a key element in building the relationship of trust with the customer. To alleviate customer dissatisfaction or concerns arising after trading, we offer thorough explanations, appropriate proposals, and information as well as promote initiatives to reinforce our relationship of trust with customers.

● Improving In-Branch Customer Service Quality

Our employees engaged in in-branch customer services need not only specialized knowledge of the markets and financial products, but polished service

skills that focus on giving consideration to customers.

At Daiwa Securities, we have also announced our commitment to provide enhanced services and explanations to customers and stepped up our efforts to improve hospitality. To maintain sophisticated customer service skills and further enhance them, we hold training that uses online videos or internal TV broadcasts on an as-needed basis, in addition to regular group training. Headquarters staff also check in-branch and telephone customer services whenever necessary.

Moreover, we conduct a customer service survey once every half year at all the branches of Daiwa Securities and reflect the survey results in the evaluation of the branches to further enhance service quality.

In FY2015, we implemented a dementia supporter* training program from August at all the branches of Daiwa Securities as part of our efforts to build an environment enabling senior customers and their families to trade without worries. We have now about 2,400 dementia supporters (as of the end of March 2016), mainly comprised of employees engaged in in-branch customer services.

*Dementia supporter

A dementia supporter is a person who has an accurate knowledge of dementia and pays warm attention to people with dementia and their families. The Ministry of Health, Labour and Welfare has been stepping up the training of supporters across the country as part of its "Dementia Supporter Caravan" project.

Lecture for the dementia supporter training program



Number of Daiwa Securities employees who have become dementia supporters

About **2,400** people
(As of March 31, 2016)

● Accessible Services for Diverse Customers

When Daiwa Securities renovates existing sales branches or plans new branches, we work to ensure that they are accessible to more customers, through barrier-free measures such as reduced variations in floor level and installation of bigger counters.

In accordance with requests from customers, the company also reads documents on behalf of them or provides necessary explanations through written communication, and introduces its Internet banking services. These initiatives are based on the Act on the Elimination of Discrimination against Persons with Disabilities, which took effect in April 2016.

● Further Improvement of Consulting Services on Inheritance and Business Succession

To meet the inheritance and business succession-related needs of customers, some branches of Daiwa Securities have inheritance consultants. We have also introduced an Inheritance Planner Certification program and started offering better quality service to customers.

Inheritance consultants are staff members who not only handle procedures within Daiwa Securities but also comprehensively support any procedure for customers at the time of inheritance. They also arrange tax accountants, judicial scriveners and agents for inheritance procedures in accordance with requests from customers. Inheritance consultants undergo lectures, training programs and OJT for the first three months and also receive training regularly thereafter.

The Inheritance Planner Certification® program is an in-house qualification system for employees with advanced expertise accumulated through the certification for financial planners (CFP®) qualifications and completion of in-house training. It helps us to enhance our inheritance and business succession-related consulting services to customers.

Letter of thanks from Japan Platform



Daiwa's Point Program

Daiwa's Point Program rewards customers based on their transactions. Points earned can be exchanged for goods or used to make a variety of charitable donations using a conversion rate of one point for one yen.

Organizations to which donations can be made

- Japan Committee for UNICEF
- Médecins Sans Frontières Japan Association
- WWF Japan
- Unites Nations World Food Programme
- Japan Platform
- New Japan Philharmonic
- Arts Support Kansai
- The Kidney Foundation, Japan

(As of April 2016)

● Continuing to Hold a Wide Variety of Seminars

Each sales branch of Daiwa Securities holds a variety of seminars, covering topics including Japanese and overseas markets, Nippon (Japan) Individual Savings Account (NISA) and inheritance, in an effort to provide information. In particular, we have been expanding the scale of seminars for Fund Wrap, as well as seminars for investment beginners.

In FY2015, we had about 26,000 seminars in total as we actively held small-scale seminars at sales branch counters, as well as ones held at branch halls. There are also large-scale seminar events, in addition to those held at sales branches. We held seminars entitled "Top Strategist Seminar" at five venues across Japan, attracting about 1,800 people. About 5,900 people also participated in "Daiwa New Year's Lectures for 2016," which was held at 14 venues nationwide.

Large-scale seminar



Number of sales branches with Daiwa Securities inheritance consultants

46 branches

(As of April 2016)

Number of accredited inheritance planners

262 people

(As of March 2016)

Number of CFP® accredited staff

616 people

Highest number among financial institutions

(As of March 2016)

Daiwa's Point Program

- Donations made through Japan Platform to work that assists victims of the Great East Japan Earthquake

¥32.80 million

(Cumulative amount from May 2011 to April 2016)

Number of seminars held at Daiwa Securities

• About **26,000** times

(Seminars held at sales branches during FY2015)

• About **1,800** people

Number of participants in Top Strategist Seminar (nationwide)

• About **5,900** people

Number of participants in Daiwa New Year's Lectures for 2016 (nationwide)

● Open Website to Learn Finance and Economy for Junior and Senior High School Students

Daiwa Securities opened *okane-no-mikata*, a website for learning about finance and economy, in March 2016 ahead of the start of a Junior Nippon Individual Savings Account program. The website is designed to help junior and senior high school students to acquire a basic and broad knowledge of finance, economy, and investment so as to assist them in life planning and money management. It uses words and illustrations that are easy to understand and enjoyable even for teenagers.

● Contact Center Functions

The Contact Center has been a key channel for transactions, sustaining the company's business model whose cornerstones are Daiwa Consulting and Daiwa Direct transaction courses. The center now handles calls coming in to sales branches, thereby acting as our comprehensive remote contact center for customers. To strengthen the functions of the center, we expanded the scale of service points in Tokyo and Osaka in FY2014, and also plan to have a contact center function in Fukuoka in FY2016. By further expanding the ability to take calls, we aim to enhance our support functions for sales branches going forward.

● Efforts to Improve Telephone Customer Service Quality

Daiwa Securities' Contact Center participates in a telephone customer service competition* organized by the Japan Telecom Users Association, a public interest incorporated foundation. The purpose of our participation is to improve Contact Center service quality significantly by receiving quality evaluations from a third-party. We attained good results and qualified to participate in the national meet in FY2015. Moreover, in the Customer Support Rating hosted by HDI-Japan, we earned 3 Star—the highest possible rating—in the FY2015 Customer Support category of the securities industry. We will seek to further improve our overall services through training, aiming to achieve 3 Star again for two consecutive years.

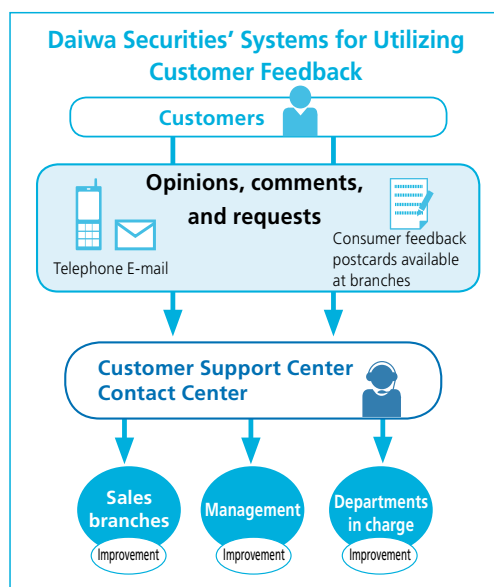
*Japan Telecom Users Association Telephone Customer Service Competition

This competition is a forum for companies to compare their telephone customer services with others and to increase customer satisfaction by improving the verbal quality of their customer handling. At the annual competition, participating companies test the results of their many hours of accumulated telephone customer-service training and preparation as a part of efforts to improve customer service and verbal skills. Nationwide, over 10,000 people compete in this widely recognized event.

Working to Incorporate Customer Voices

● Contact Center Initiatives

Employees at the Contact Center, which serves as our comprehensive remote contact point, have direct contact with customers and play an increasingly crucial role not only as a transaction channel but also in customer support and marketing. In order to maintain and improve contact center operations to meet the demand for high-quality service, we provide training and regular level checks for all Telephone Service Representatives (TSR).



Scale of Contact Center

620 service points
(500 in Tokyo, 120 in Osaka)

Okane-no-mikata, a website to learn how money works



Earned 3 Star in HDI's Customer Service Rating



Web

Okane-no-mikata, a website to learn how money works (Japanese)

The Contact Center analyzes inquiries, other input from customers and related data to identify the causes of any issues raised. The Contact Center provides feedback and information to our head office and sales branches as part of our efforts to improve services and customer interaction and to increase customer satisfaction.

In response to a number of requests for increased trading services for smartphone users, we revamped our online brokerage service Daiwa Online Trade to make the service easier to use for smartphone and tablet users. For example, we have expanded the functions of the service by setting up a smartphone and tablet site for traders taking advantage of the Nippon Individual Savings Account (NISA) program.

Daiwa Online Trade website for smartphone and tablet users



Customer Support Center Initiatives

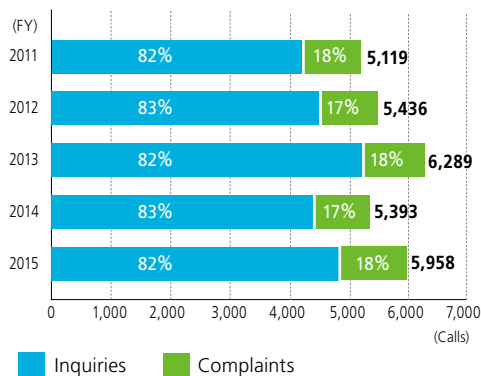
Daiwa Securities' Customer Support Center is a department within the head office that handles customer feedback and complaints directly by phone. The center, which is part of the Compliance Department of Daiwa Securities, strives to enhance customer satisfaction and prevent the recurrence of complaints while closely working with sales branches and other departments within the head office.

In FY2015, the Center received 5,958 calls, about 560 more than FY2014, due mainly to tax system revisions and the start of the Japanese government's Individual Number identification system. To respond to customer feedback and complaints thoroughly and accurately, Customer Support Center members study tax and other systems and Daiwa Securities' services together on a daily basis, and work to improve the quality of customer services. The Center gives feedback from customers to relevant departments and sales branches to capitalize on such feedback for identifying problems and improving customer services. We also sort and analyze customer input by issue and share the points that Daiwa Securities needs to improve as a company with management and related departments within the head office. Customer feedback is thus used as valuable information to enhance services and customer satisfaction.

Calls received at the Customer Support Center in FY2015

No reports indicating violation of human rights, environmental pollution by Daiwa Securities, or other matters raising extremely serious concern in general social terms

Calls Received at the Customer Support Center



Initiatives through Product Development and Provision

For Addressing Social Issues and Contributing to Future Development of Society and Financial and Capital Markets

● Impact Investment Bonds

Compared with typical forms of Socially Responsible Investment (SRI), Impact Investment focuses more on the direct impact of investment on society. 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 alleviation of problems in society by underwriting various types of Impact Investment bonds.

● Initiatives in FY2015

Among a variety of global issues, potentially life-threatening water problems are particularly serious. Diverse events associated with water and sanitary facilities, sewage treatment, and environmental issues have become major factors impairing human health and economic growth. In August 2015, Daiwa Securities sold Water Bonds issued by the Asian Development Bank to assist water-related projects in

the Asia-Pacific region. In January 2016, the company also sold Water Bonds issued by Corporación Andina de Fomento (CAF), a development bank in Latin America, to investors worldwide for the first time ever to provide sufficient drinking water and sanitation services in Latin America and the Caribbean region.

In October 2015, we sold Green Notes issued by Crédit Agricole Corporate and Investment Bank to support companies promoting renewable energy or implementing other environmentally friendly practices.

In March 2016, we also sold Inclusive Business Bonds issued by the International Finance Corporation (IFC) to assist businesses working to improve the livelihood of people at the base of the economic pyramid (BOP).

The funds collected by the Daiwa Securities Group through the sale of these bonds have been invested in projects which solve a variety of issues across the globe.

Results of Impact Investment bonds

- Daiwa Securities cumulative sales

¥653.9 billion*



- Daiwa Securities' share in the Japanese market



Total ¥1,161.2 billion*

* Figures have been rounded
* Source: Daiwa Securities Co. Ltd.
(From March 2008 to March 2016)

- Daiwa Securities cumulative sales for FY2015



4 issues

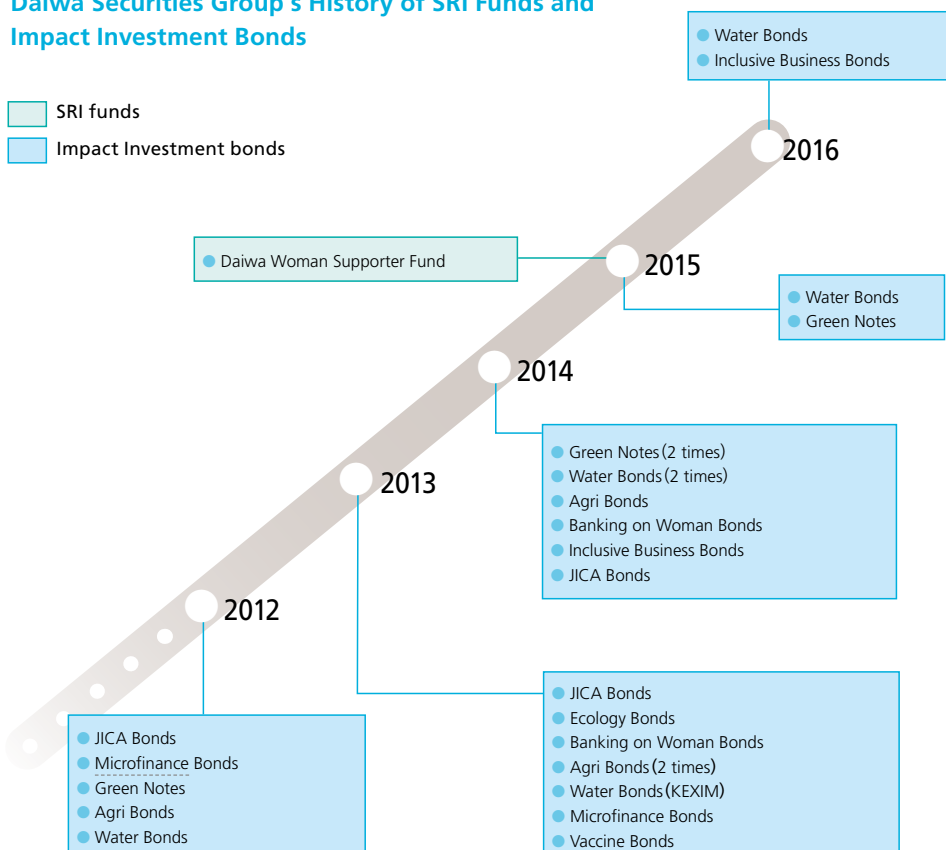
¥37.2 billion in total

* Figures have been rounded

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

■ SRI funds

■ Impact Investment bonds



● SRI Investment Trusts

SRI investment trusts are a mixture of stocks and bonds that take into account factors other than financial performance, such as ethics and social and environmental objectives, in addition to assessments of the sales and profits of the investment candidates. We offer eco funds that limit non-financial assessments to environmental performance, and investment trusts that limit their stock portfolios to environmental-related businesses. By investing in these trusts, through financial markets, investors can indirectly support countries and corporations that are proactively involved in CSR and environmental programs.

Development and Provision of Superior Financial and Investment Products

Amid an accelerating shift from savings to investment, Daiwa Securities considers the development and provision of superior products as one of our major missions in society, and strives to develop new products and improve their quality.

● Initiatives of Fund Wrap Services

Daiwa Fund Wrap is a service enabling even busy customers or those with no investment experience to start mid- to long-term diversified investment easily. Under a discretionary investment contract, Daiwa Securities invests and manages assets on behalf of our customers. We offer plans that enable each customer to make diversified investments according to their investment policy, as do professional institutional investors such as those managing public pension assets. It has become more important than ever for a large number of investors to manage their assets in an efficient and stable manner through diversified global investment, in particular as a measure to address the negative interest rate policy introduced in Japan in January 2016.

Daiwa Fund Wrap is a service offered to customers over the mid- to long-term. We provide thorough explanations, conduct a questionnaire survey after the conclusion of a contract, report investment performance regularly every three months and hold follow-up seminars whenever necessary. We thus ensure close communication with customers and seek to build a relationship of trust with them. We strive to listen to customers, while introducing new services and improving existing services, in an effort to enhance customer satisfaction.

Assets entrusted through Fund Wrap are managed in collaboration with Daiwa Asset Management and Daiwa Fund Consulting. By harnessing the Daiwa Securities Group's specialty, experience, and know-how, we are making collective efforts to improve investment performance.

To keep attracting customers over the long term, we will continue our initiatives to implement a better structure and system so as to improve our performance and quality of services, including expanded Internet services.

● Initiatives by the Asset Management Division

The asset management division of Daiwa Securities Group strives to reinforce the asset management system and continues working on a variety of initiatives to offer better returns to beneficiaries over the medium to long term.

● Initiatives by Daiwa Asset Management

For Daiwa Asset Management, one of the pillars to building a stable, distinguished asset management capability is to take appropriate risks in managing active funds. We have therefore built a support system by collecting information from the research division and other relevant specialist teams. This is a system enabling fund managers to take risks without undue concern. In particular, we are striving to improve our ability to select companies with good prospects, hoping that this will become a major source for strong investment performance.

Amid such efforts, we focus on environmental, social and governance (ESG) issues, as they may help boost our long-term investment performance. Daiwa Asset Management has placed personnel in charge of ESG within the Fund Management Division to promote ESG investment in an organized manner as a signatory member of both the United Nations' Principles for Responsible Investment (PRI) and the Principles for Financial Action for the 21st Century. In particular, since announcing the adoption of the Japanese version of the Stewardship Code, we have been actively engaged in dialogue with investee companies—urging them to improve their ESG initiatives. Moreover, we have introduced topics regarding ESG investment at in-house seminars and training sessions for companies marketing our investment trusts.

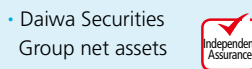
It is especially important to always grasp current trends and customer needs in this way for the development of products. We are therefore striving to maintain close communication by holding seminars for customers and through operation of our unique call center. We are also building a structure that assists companies marketing our products to support a shift from savings to investment.

Daiwa Social Contribution Wrap
—Daiwa Fund Wrap with a donation service



Results of SRI investment trusts

- Daiwa Securities Group net assets
- Daiwa Securities' share in the Japanese market



¥42.0 billion*1



Total ¥257.6 billion*2

*1 Source: Daiwa Securities Co. Ltd.
*2 Source: Daiwa Fund Consulting Co. Ltd.
(As of March 31, 2016)

Results of Fund Wrap

- Balance of domestic Wrap accounts
- Balance of Wrap accounts at Daiwa Securities

¥5,777.6 billion

¥1,540.3 billion

* From data released by the Japan Investment Advisers Association
(As of March 31, 2016)

Major services newly introduced or improved in FY2015

- June 2015
Introduction of new service
Daiwa Social Contribution Wrap—Daiwa Fund Wrap with a donation service
- October 2015
Introduction of new styles
Japanese Bond Zero Style and Domestic and Foreign Asset Half Style
- February 2016
Renewal of
Daiwa Fund Wrap Performance Report

Development of ESG-Oriented Exchange-Traded Funds (ETFs)

On December 18, 2015, the Bank of Japan (BOJ) announced supplementary measures for quantitative and qualitative monetary easing. The measures include purchase of exchange-traded funds (ETFs) composed of stocks issued by firms that are proactively making investment in physical and human capital at an annual pace of about ¥300 billion. BOJ stated that the new program would start with purchases of ETFs which track the JPX-Nikkei Index 400, urging asset management companies to launch new types of ETFs focusing on human and physical investment, among others.

In response to this, Daiwa Asset Management has worked with MSCI Inc., which has gained significant recognition as a pioneer in the fields of stock indexes and risk management, and decided to develop an ETF linked to the MSCI Japan Human and Physical Investment Index, which leverages know-how on ESG held by MSCI ESG Research, a research arm of MSCI.

The largest characteristic of the index is that it incorporates an original ESG perspective and a governance score, along with the factor of whether companies are actively making human and physical investment, into its assessment of companies and weighting of their shares. This is based on the idea that companies with an excellent governance capability are likely to make capital and human investment efficiently and succeed in expanding their profit in the future by leveraging such investment.

We endeavor to boost performance by proactively incorporating viewpoints absent from existing investment products including giving negative scores to companies not encouraging women to play an active role or failing to properly manage human resources.

The ETF developed has already been recognized as an ETF eligible for purchase by the BOJ. It was listed on the Tokyo Stock Exchange on May 19, 2016.

• Initiatives by Daiwa SB Investments

The need for multifaceted corporate analysis is growing, while a variety of mid- to long-term management factors are expected to affect companies' share prices. Since corporate analysis and research require human resources, Daiwa SB Investments places

importance on nurturing and promoting professionals who have acquired the ability to think on their own through training and other means. We have also overhauled our organizational systems as a company, including the adoption of a performance-linked evaluation system. Moreover, we strive to elevate a corporate culture as a professional management company and to diversify our workforce by hiring of overseas and female staff, with the aim of respond to diversifying needs and providing quality services.

We have also focused on the education of sales staff at companies handling our products, who directly communicate with customers. We conduct workshops for those sales staff to enhance their marketing skills and knowledge on investment trusts while creating booklets containing information necessary for them to explain to customers. We are thus working to help those staff to improve their communication abilities.

Following the signing of the PRI in 2012, we established the ESG committee and rules to enhance our capacity to evaluate and analyze ESG issues of companies. These initiatives reflect our efforts to fulfill our responsibility to pursue maximum profits with our utmost efforts from a long-term standpoint on behalf of beneficiaries. We will continue with our initiatives to provide good returns over the medium to long term in our multifaceted corporate analysis, including analysis focusing on ESG.

● Investment Companies and Other Initiatives to Resolve Social Problems

Daiwa Real Estate Asset Management Co. Ltd. manages investments and infrastructure assets for solving social issues through investment companies and fund structures. Nippon Healthcare Investment Corporation, which listed on the Tokyo Stock Exchange in November 2014, invests in healthcare facilities that are likely to see stronger demand from society over the longer term as the number of senior citizens increases. In FY2014, Daiwa Real Estate Asset Management began managing a new fund with assets focused on photovoltaic power stations and logistics facilities respectively. These investment funds mainly acquire assets held by private-sector companies for now. In the future, they aim to be receptacles for assets to be sold by loss-making public-private partnership entities. Daiwa Securities Group will continue to fulfill its role by supplying private sector funds for maintaining social infrastructure.

Facilities in which Nippon Healthcare Investment Corporation invests

Nippon Healthcare Investment Corporation

Total amount of assets acquired

About ¥18.6 billion

(As of March 31, 2016)

Management results at photovoltaic power stations and distribution facilities

Photovoltaic power stations

•Number of deals: 7
(Hokkaido, Tohoku, Hokuiku, Kanto, and Chugoku regions)

•Output: 34 MW

•Balance of assets under management:

¥8.3 billion

Distribution facilities

•Balance of assets under management:

¥11 billion

(As of March 31, 2016)



● Initiative for Daiwa Online Trade

Daiwa Securities launched Daiwa Online Trade in 1996, becoming Japan's first company to start an Internet-based securities brokerage service. Since then, we have led the industry with a variety of advanced, innovative initiatives. Online services that are common now, such as stock trading and share price information service, were introduced in the market by Daiwa Securities ahead of industry peers.

With the spread of mobile devices and development of information and telecommunications technology, the importance of internet channels has grown significantly in recent years. Daiwa Securities has strived to expand the services offered through "Kabu walk," an application exclusively for domestic stock trading, and a website for smartphone and tablet users. Thanks to these efforts, the number of accounts held under contacts for Daiwa Online Trade topped 3 million as of March 31, 2016. Of Daiwa Securities' total stock transactions, about 80% are carried out via the online trading service, underscoring the fact that Daiwa Online Trade has become an indispensable channel for Daiwa Securities.

In FY2015, we substantially revised the home page design of Daiwa Securities to make the website easy to view and use for anyone. We also set up a Daiwa FX website exclusively for smartphone users, while adding a page for investment trusts to the smartphone website. We have thus made new services available to customers.

We celebrated the 20th anniversary of Daiwa Online Trade on April 1, 2016. To mark the anniversary, we will step up promotion activities for Daiwa Online Trade, including the preparation of a communication logo and the implementation of a campaign. We have also introduced a state-of-the-art security system to enable customers to use our website with ease.

With an eye toward a new era, we will continue our efforts to make Daiwa Online Trade a service that is more convenient and easier to use as a channel chosen by the youth and wealthy individuals of the next generation, who comprise the majority of new investors that approach us.

History of Daiwa Online Trade

Date		Initiative
1996	April	Industry first Began offering of mini stock trading and share price information service
	June	Industry first Began offering unit stocks and current share price information service
1997	January	Industry first Began handling trading of over-the-counter stocks, including Daiwa MMF and Medium-Term Government Securities Funds
1998	April	Industry first Began handling Daiwa foreign currency MMF (US\$) and taking pre-orders on holidays
1999	February	Industry first Began providing share price and market information and handling stock trading, through NTT DoCoMo's i-mode service
2002	January	Began providing margin trading service
2003	May	Introduced two transaction courses
2005	May	Introduced daily flat-fee system with reward points
2006	February	Began handling Daiwa FX, an over-the-counter FX 
	April	Began Daiwa Trading Board information service
2008	July/August	Began handling newly-issued and existing bonds denominated in foreign currencies
2009	November	Began handling Daiwa 365 FX, becoming Japan's first major general securities company to offer exchange FX 
2012	August	Launched "Kabu walk" application for Android 
2015	January	Renewed the site for smartphone and tablet users

Daiwa Online Trade

•Number of contract accounts

3 million accounts

(As of March 31, 2016)

Daiwa Online Trade

大和証券
ONLINE TRADE
SINCE 1996

To Maintain and Develop Financial and Capital Market Functions

At Daiwa Securities, we recognize that our major mission is to develop sound financial and capital markets for the next generation, which is also one of our key CSR issues. In particular, the securities business, the core business of Daiwa Securities, functions as an important social and economic infrastructure. It facilitates the smooth flow of money by matching fundraising needs through issuance of securities and investment needs of investors via financial and capital markets.

Settlement Functions

Securities settlement—a mainstay of the Group's overall operations—is the delivery of stocks or bonds and transaction payment to/from the buyer and seller of a securities transaction respectively. We consider it vital to perform this settlement function accurately and promptly as required in order to ensure the function of the financial market as a social infrastructure as well as for the maintenance and development of the economy. We are therefore striving to build a structure enabling the smooth execution of settlement operations. Daiwa securities has implemented an IT system that is reliable and has a high processing capability to appropriately respond to a massive number of settlement deals as a wide range of investors are now actively using trading methods leveraging computers for frequent trading. We believe, however, that even if operations are systematized, the most important thing for the securities settlement operation is human resources. Staff members are required to have not just knowledge of the operations they are responsible for, but a wide range of knowledge, such as the understanding of related businesses and transactions, in order to grasp the situation quickly when an irregular event occurs, and respond to it appropriately.

For that reason, we are making efforts to visualize and accumulate the experience and know-how acquired through daily settlement operations and expand the scope of operations each staff member can cover by requiring them to rotate their tasks regularly.

Meanwhile, the securities industry recognizes that it is necessary to further increase the convenience of securities systems and strengthen risk management to boost the competitiveness of Japan's financial and capital markets. With this awareness, discussion on the reduction of settlement time is currently underway in the entire industry. Daiwa Securities plays a central role in a working group launched by the Japan Securities Dealers Association, a self-regulatory organization of the industry, identifying and examining a variety of issues.

Moreover, cross-border foreign exchange transactions entail settlement risk (risk of loss of principal) associated with time differences in settlement for the currencies involved. Daiwa Securities is set to participate in CLS* as a settlement member in the summer of 2016, becoming the first Japanese securities companies to do so. This is expected to substantially reduce the settlement risk of foreign exchange transactions.

We are determined to continue the settlement operations no matter what happens. Under such determination, we have drawn up a business continuity plan (BCP) and regularly conduct training in preparation for unforeseen circumstances, such as natural disasters and terrorism.

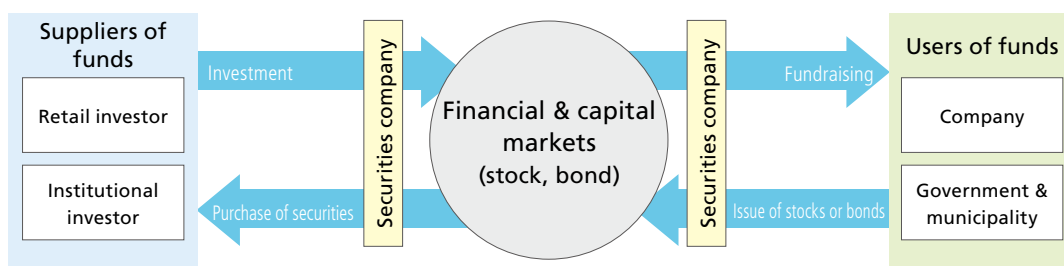
Amid the accelerating shift from savings to investment, the reliability of settlement is extremely important to maintain customer trust. We will quickly provide solutions that meet increasingly sophisticated customer needs by taking advantage of a reliable settlement infrastructure and human resources.

* Continuous Linked Settlement

Number of settlement transactions handled

•Daily
Over 10,000 transactions

•Annually
Approximately 3 million transactions
(transactions mainly by institutional investors in and outside Japan)



Communication of Information of Analysis and Proposals about Economy, Society and Investment

The Daiwa Securities Group provides, in addition to investment information, a wide range of information on economy and society as a financial services group. We hope that the measures we propose from a long-term perspective will be helpful to a variety of stakeholders.

Easy-to-Understand Communication of Information

Daiwa Securities publishes information to a wide range of people from institutional and retail investors to those who are about to start investment. The central role in provision of information is played by highly specialized analysts and strategists at the Investment Strategy, Equity Research, and Fixed Income, Currency and Commodities Research departments. They provide information mainly through analyst reports based on their unique analysis. Our information is based on close analysis and collection of data, and we tailor our presentation for retail investors and institutional investors, who are investment professionals, even if the same person is providing that information. For retail investors, we incorporate more visualized reporting.

To remove the general perception that securities investment or securities companies are complicated, we believe it is one of our missions to work toward communicating our analysis in an easy-to-understand way.

Comprehensive Provision of Information and Policy Proposal Activities

Daiwa Institute of Research (DIR), which assumes the think-tank role of the Daiwa Securities Group, provides wide-ranging economic and financial analysis and information to the public.

At DIR, we consider it our mission to engage in comprehensive provision of information and policy proposal activities concerning the financial and capital markets and the real economy. We have always sought to provide up-to-date and in-depth information and a unique viewpoint that has never been presented by others. In order to provide information that satisfies the needs of public, we also exchange information and hold discussions with businesses, investors, governments and other public institutions as well as overseas think-tanks and media. In this way, we are able to grasp the currents and trends of society and share information in the

form of published reports. We are also stepping up transmission of ESG information, communicating wide-ranging information via our website and quarterly journals regarding local revitalization, SRI, environmental problems, corporate governance and other issues.

Further Strengthening the Provision of Information

In 2015, DIR's Research Division added the environment to its pillars of information provision, which until then had consisted of the macro economy and the financial and capital markets. The division established the Economic Environment Research Department in April 2015, with an eye to providing analysis on both the economy and the environment. The new department's focus covers six fields: (1) medical and nursing care; (2) regional economies; (3) women's empowerment (in employment and work); (4) global warming; (5) energy; and (6) ESG. The department contributes to society by providing information and holding seminars related to these themes. We have strengthened our activities as a think-tank since 2015 to fulfill the role of a reliable compass in providing useful research that satisfies growing needs for information, while at the same time grasping changes in economic and social trends.

Provision of Information through Diverse Media

● Lectures and Media Appearances

The Research Division of DIR adopts a variety of methods for providing information, including reports, quarterly journals, contribution to newspapers and economic magazines, media interviews, TV appearances, lectures, seminars, presentations at



Mitsumaru Kumagai
Senior Managing Director, Deputy
Head of Research Division, Chief
Economist, DIR
Source: Live Internet coverage
of deliberations of the House of
Representatives

Hitoshi Suzuki
Chief Researcher at DIR
Head of Public Policy Team
Source: The Specialist
Committee on the Basic Plan
for Gender Equality of the
Council for Gender Equality



Third-party evaluation of analyst performance

- Ranked No. **1** in the Most Award-Winning Brokers category of the 2014 StarMine Analyst Awards for Japan

Reports and seminars on ESG DIR

- ESG reports and commentary articles on ESG keywords

Release of
57 reports and articles

(Results for FY2015)

- Number of ESG seminars held

15 seminars

(Results for FY2015)

Provision of information through diverse media DIR

- Number of reports posted on the website

Approximately
600 reports

(Results for 2015)

- The full texts of the reports are available on the website

- Number of recent hits on the research division's page

3.8 million hits

(Results for 2015)

Seminars held by Daiwa Securities

Refer to "Provision of Good Quality Services to Customers" on page 13

workshops and publication of books. We strive to explain complex issues plainly, while placing importance on the quality of reports. We ensure the reliability of our reports by requiring them to undergo reviews by a specialized section as well as the departments issuing those reports. We are also expressing our opinions on an increasing number of occasions. This includes speaking at a variety of lectures and seminars, contributing articles to third-party economic magazines, appearing on TV programs, posting comments through interviews with newspapers and other media, holding meetings or workshops with customers concerning research information, and participating in government councils.

● Issuance of Books and Booklets

The Investment Strategy Department of Daiwa Securities issues "Daiwa Investment Weekly" and "Daiwa Investment Monthly" as tools for communicating information to general customers. They are both distributed to sales branches of Daiwa Securities and are also available on the Internet. We also transmit information in various ways to general customers, including selling books through publishers and producing desk calendars with information on financial events and wall-hanging market charts.

Internet-Based Initiatives

● Internet Live Seminar

Live seminars presented on the Internet now play a central role in the Daiwa Securities Group, in addition to ones held at each sales branch of Daiwa Securities. They can be viewed over the Internet in real time and are also available on-demand.

These live seminars are designed to communicate the significance of investment to potential customers by using the Internet, which is an easy way to participate. Meanwhile, we also hope that they will serve as an opportunity for investors to start supporting the Japanese economy in the long run.

● Daiwa Internet TV

In 2000, Daiwa Securities began "Daiwa Securities Information TV," Japan's only channel dedicated to securities information, on multichannel pay TV

broadcast service "SKY Perfect TV!" Since April 2011, we have been producing "Daiwa Internet TV" at our own studio and distributing it online in an effort to target a wider range of viewers. We distribute timely market information three times a day, before and after trading, while offering information from Hong Kong and New York each business day. Analysts at Daiwa Securities and Daiwa Institute of Research (DIR) appear as "Specialist Report" in programs which provide comments on current issues or offer corporate and other information.

Because the service allows anyone to view their required content at their preferred time of day and is also available through smartphones and tablets, it is well-received by retail investors. We also provide contents explaining products marketed by Daiwa Securities. However, we consider that our biggest mission is to raise awareness of finance, rather than advertising ourselves, and thus communicate information from a neutral and objective stance.

Our Daiwa Internet TV initiative was introduced by the SDG Industry Matrix for Financial Services (issued jointly by the United Nations Global Compact and KMPG International in 2015) as a case for Goal 4 "Quality Education." The report highlighted Daiwa's timely and free of charge provision of a variety of financial and investment information.

The programs for Daiwa Internet TV are produced in collaboration with Daiwa Securities Group companies, such as the Investment Strategy Department of Daiwa Securities and DIR. We will develop new content and expand market information in response to viewers' requests.

Daiwa Internet TV website



Daiwa Investment Monthly



Desk calendar with a market schedule



Daiwa's own studio for Daiwa Internet TV



Internet live seminar Seminars held in FY2015

A total of 14
seminars
Annual number of
participants

31,561 participants

PV number for Daiwa Internet TV (monthly average)

639,107 PV

(FY2014) ↓

698,343 PV

(FY2015)

Support for the Creation of Our Future Society

Developmental Support for Capital Markets in Myanmar

The Yangon Stock Exchange (YSX), which was established by Daiwa Institute of Research (DIR), Japan Exchange Group and the Myanmar Economic Bank, commenced trading operations on March 25, 2016, with the listing of First Myanmar Investment Co., Ltd. (FMI), a real estate company in Myanmar, as its first stock. The Yangon Stock Exchange was established with broad support from the public and private sector in Japan.

In December 2014, the Myanmar Economic Bank, Japan Exchange Group and Daiwa Institute of Research signed an agreement on the Yangon Stock Exchange, and then worked together to put in place the groundwork for operations. Daiwa Securities Group has provided support to Myanmar since 1996, when it established the Myanmar Securities Exchange Centre as a joint venture between DIR and the Myanmar Economic Bank.

The Yangon Stock Exchange plans to steadily increase the number of listed companies. Daiwa Securities Group will continue to support the development of a capital market in Myanmar using our capabilities whilst maintaining transparency of the market.

East Japan Earthquake SME Reconstruction Support Fund

Daiwa Corporate Investment Co., Ltd. operates the East Japan Earthquake SME Reconstruction Support Fund, receiving investment from the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (SME Support Japan), The Aomori Bank, Ltd., Bank of Iwate, Ltd., The 77 Bank, Ltd., The Toho Bank, Ltd., and other institutions. Targeting unlisted private companies, the fund aims to expeditiously provide risk finance mainly in the form of equity. The goal is to actively support companies in their efforts to secure renewed growth and development by supplying finance for a variety of purposes, including restoration and reconstruction following the 2011 earthquake disaster, including new business development, the shift to a new industry or line of business, business reorganization and succession, and business incubation.

On November 5, 2015, the fund participated in "Business Match Tohoku 2015," an event aimed at matching businesses in the Tohoku region, presenting fundraising methods and management support and holding business meetings.

Finding Ways to Save Energy in Smart Community Experiments

Daiwa Institute of Research Business Innovation Ltd. participated in two separate experimental smart

community projects promoted by the Ministry of Economy, Trade and Industry, and Kawasaki City from FY2014 to FY2015. The experimental projects entail the use of HEMS installed in homes to manage energy usage in the home and the community, as well as the provision of government, community and lifestyle related services to invigorate the local community. Through the use of IT, electricity usage has been cut by roughly 12% by encouraging residents to step out during times of high energy usage and giving advice on how to cut back on energy use based on individual usage patterns. Taking advantage of the knowledge gained from these experiments, we will continue to help improve convenience in daily lives, revitalize regional economies and create environmentally sustainable communities.

Renewable Energy Power Generation Projects

Daiwa PI Partners Co. Ltd. (PIP) has aggressively invested in the development and operation of renewable energy power generation projects, leveraging the network of the Daiwa Securities Group, since the renewable energy feed-in tariff system was introduced in July 2012.

In November 19, 2015, construction was completed on the Iwamizawa Photovoltaic Power Station that PIP developed on its own in Iwamizawa, Hokkaido. This photovoltaic power station is one of the largest of its kind in the Sorachi area of Hokkaido. All five of the photovoltaic power stations that PIP has developed and invested in are operating stably.

In December 18, 2015, PIP announced plans to construct a wood pulp biomass power generation plant that uses tree trimmings as its primary source of fuel in the city of Yonezawa in Yamagata Prefecture. Wood-based biomass power generation is a form of renewable power generation that contributes to the revitalization of regional economies through the creation of new industries and employment in the forestry business. The Group will continue to aggressively invest in the development and operation of energy infrastructure assets.

Opening ceremony of the Yangon Stock Exchange



East Japan Earthquake SME Reconstruction Support Fund

•Cumulative amount of investment
Approximately
¥4.8 billion

(As of March 31, 2016)

Iwamizawa Photovoltaic Power Station

•Output: **9 MW**
•Amount of electricity generated:
Equivalent to the amount for **2,800 households**
*Measured in terms of electricity consumption per household

Photovoltaic power stations developed/ invested in by PIP (5 deals in total)

Output: **34 MW in total**
•Amount of electricity generated:
Equivalent to the amount for about **10,400 households**
*Measured in terms of electricity consumption per household

Initiatives for Supporting Business Activities

Approach and Basic Stance

The financial and capital markets are based on the confidence and trust of participants.

We consider that sustaining confidence and trust in us is essential for us to
not only continue our business activities
but also live up to the expectations of our stakeholders.



Corporate Governance

Approach and Basic Stance

The Daiwa Securities Group clearly separates the oversight and executive functions of management to create a highly transparent and objective corporate governance system.

Features of the Corporate Governance System

Daiwa Securities Group clearly separates the supervisory and executive functions of its management to create a highly transparent and objective corporate governance system. As with Corporate Executive Officers of Daiwa Securities Group Inc., employees responsible for head office functions also hold similar roles for the securities subsidiary. Under this structure, the Group is pursuing a management structure that improves the efficiency of head office operations and that maximizes synergies between Group companies.

The Group has adopted a company with Three Committees System with the objective of supervising management through:

- (a) Better decision-making agility by having the Board of Directors assign significant authority to corporate executive officers while clarifying the division of duties among corporate executive officers;
- (b) More effective supervisory functions at the Board of Directors from the appointment of

outside directors with highly specialized skills, and better transparency in management from the establishment of the Nominating Committee, Audit Committee and Compensation Committee with outside directors a majority of their members; and

(c) Highly independent and ethical outside directors providing advice from an outside perspective to the Board of Directors and the three committees based on their knowledge and experiences.

The Group also proactively engages in CSR activities to gain the trust of stakeholders. CSR encompasses providing excellent products and services to customers with integrity, appropriately returning profits and disclosing information to shareholders, creating pleasant work environments and fair personnel evaluation systems for employees, strictly observing regulations and following corporate ethics, managing the environment, and contributing to society.

Through these initiatives, the Group aims to further enhance its corporate governance structure in terms of transparency, agility and efficiency, in order to continuously improve corporate value.

The corporate governance structure consists of

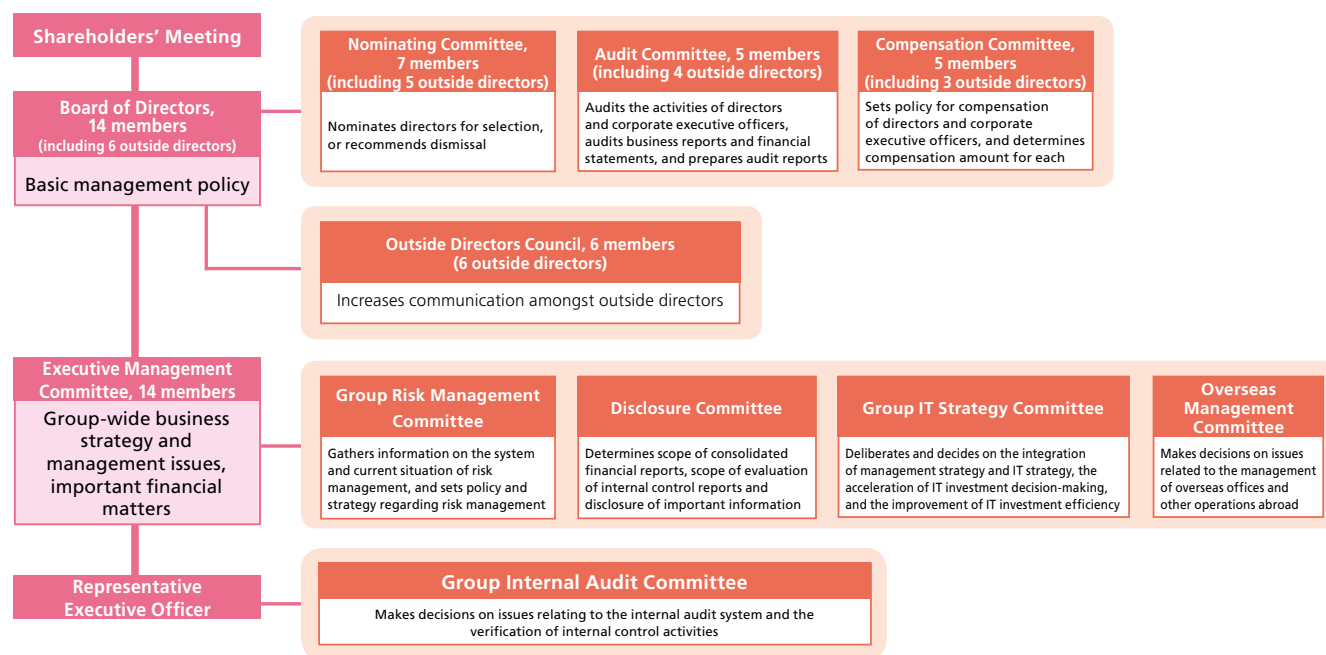
Number of times each committee met (FY2015)

·Nominating Committee:	5
·Audit Committee:	12
·Compensation Committee:	5
·Board of Directors:	10

Rate of attendance at Board of Directors meetings by outside directors

100%

Corporate Governance System at Daiwa Securities Group



the Board of Directors and the three aforementioned committees (Nominating Committee, Audit Committee and Compensation Committee) as supervisory functions. Business execution functions are embodied in the Executive Management Committee and its sub-committees comprising the Group Risk Management Committee, the Disclosure Committee, the Group IT Strategy Committee, and the Overseas Management Committee, as well as the Group Internal Audit Committee, the internal audit organization that reports directly to the Chief Executive Officer (CEO).

Executive Compensation That Is Closely Linked to Performance

Compensation for directors and corporate executive officers is determined by the Compensation Committee. Executive compensation has three components: basic compensation; performance-based compensation; and share price-linked compensation. Comprehensive criteria used in calculating performance-based compensation include ROE and consolidated ordinary income, as well as other factors such as results of management targets as outlined in the Medium-Term Management Plan.

Supervisory Function

The Board of Directors consists of 14^{*1} directors, including six outside directors^{*2} and two female directors. The Board of Directors determines key management policy and oversees executive duties. In order to perform this supervisory role from multiple viewpoints in accordance with the demands of society, the policy for selecting new board members states that candidates must have a strong sense of

ethics and demonstrate initiative and leadership.

Additionally, outside directors are experts in such fields as management and accounting. In addition, the supervisory function of Daiwa Securities Group Inc. is reinforced by the Audit Committee and the Office of the Audit Committee. The Audit Committee, which consists of a majority of outside directors, plays a pivotal role in the supervision of executive duties. The Audit Committee is assisted by the Office of the Audit Committee, which is a department independent of execution of business.

*1 As of June 30, 2016

*2 Outside directors as defined by Article 2-15 of Japan's Companies Act

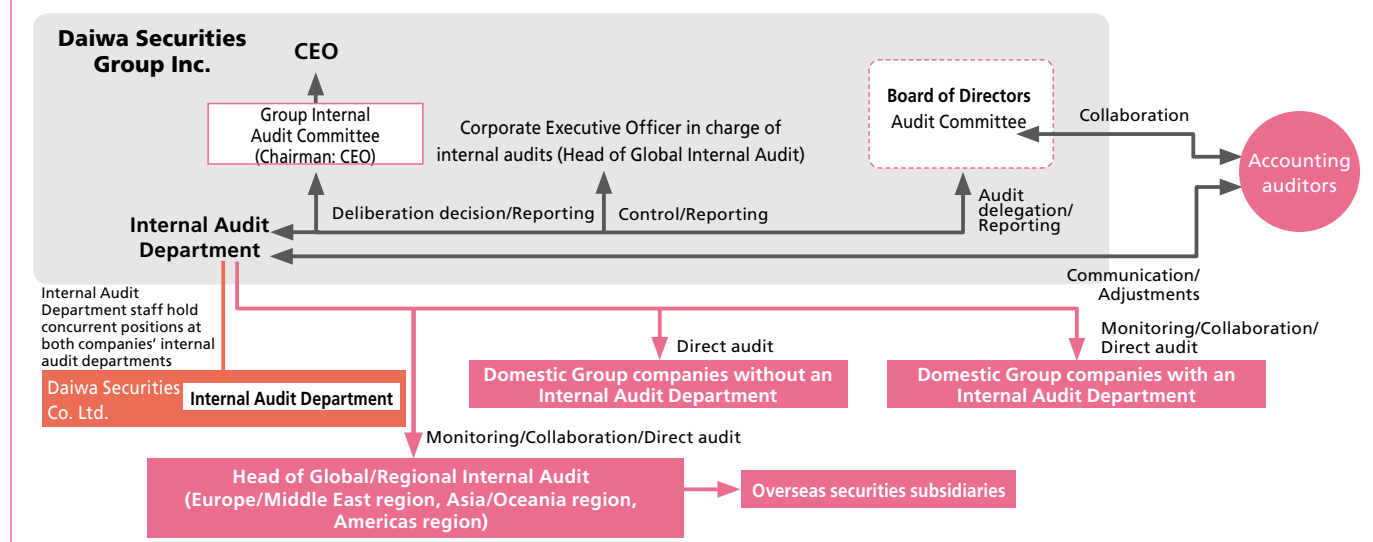
Preventing Conflict-of-Interest Transactions between Group Companies

Conflict-of-interest transactions between Group companies can occur in situations such as intra-Group trading. The Daiwa Securities Group applies rules regarding conflicts of interest stipulated by Japan's Companies Act to Executive Committees as well as Board meetings. Conflicts of interest within the Group are prevented through a rule prohibiting an executive officer from voting when he or she is also the director of an interested Group company.

Internal Control System and Internal Audit

In recognition that management is responsible for maintaining an internal control system to ensure the sound and appropriate execution of business, the Group, under the main initiative of Daiwa Securities

Internal Auditing System Diagram of Daiwa Securities Group



Group Inc., has established a system for managing the Group's major business risks. Through this system the Group endeavors to ensure "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 sits independently from all other departments, reports to a dedicated corporate executive officer, and ensures internal audits to act as an important function of raising Group value through the creation of a sound and efficient internal control system. The department's internal auditing plans and the results of internal audits are approved by and reported to the Group Internal Audit Committee, which sits 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 seeks to raise its 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 the Group's business activities. They include the internal control systems at Daiwa Securities Co. Ltd. and overseas offices as a global financial instruments firm, the internal control systems at Daiwa Next Bank, Ltd. as a bank, the status of businesses that involve the collaboration between Group companies, and the status of control over Group companies by the holding company.

Reports to the Group Internal Audit Committee are not limited to the audit results conducted at Daiwa Securities Group Inc. and Daiwa Securities Co. Ltd., but also include highly important findings made during audits conducted on companies in Japan and overseas.

The Internal Audit Department collaborates with the internal auditing divisions of Group companies through periodic meetings, monitoring, and audits.

The Internal Audit Department maintains communications with the Audit Committee and accounting auditor, making any necessary adjustments to ensure that audits are performed efficiently and, receives audit requests from the Audit Committee.

The degree to which these internal auditing activities satisfy The Institute of Internal Auditors' "International Standards for the Professional Practice of Internal Auditing," the global standard for internal auditing, is routinely evaluated by independent outside third parties, which helps to constantly improve the system.

Structure and Achievements of Whistle-Blowing System (Corporate Ethics Hotline)

Since January 2003, the Daiwa Securities Group has been operating a Corporate Ethics Hotline, through which employees can report problems in the workplace directly to a corporate ethics officer of Daiwa Securities Group Inc. or outside lawyers.

When the Hotline is contacted, the corporate ethics officer, in cooperation with the internal control officers at each Group company, carries out a fact-finding investigation, while taking steps to protect the caller.

In 2015, 42 reports were received through the whistle-blowing system.

The Group is working to ensure that all employees are familiar with the Corporate Ethics Hotline, including staff at affiliated companies and temporary workers, in order to ensure that anyone can use it without hesitation. We are also making efforts to respond quickly when calls are received. The Group is taking steps to improve the Hotline so that it can work effectively as a deterrent to prevent problems before they occur, not just as a measure to solve problems.

Number of reports received through whistle-blowing system for FY2015

42

(up 1 from FY2014)

*No reports indicating violation of human rights, environmental pollution by Daiwa Securities, or other matters raising extremely serious concerns in general social terms

Intranet and poster to increase employee's awareness



Compliance

Approach and Basic Stance

The Daiwa Securities Group's corporate principles identify "building trust," "placing importance on personnel," "contributing to society," and "maintaining robust earnings results" as among the most important goals of our business operations. We believe that compliance is essential to realize these corporate 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 shareholders.

Compliance System

The compliance section of the Daiwa Securities Group consists of the Compliance Control Department, which is mainly responsible for establishing overall rules, and the Compliance Department, which is tasked with providing support to sales branches and headquarters departments and sections. The two collaborate to build a compliance system, working concurrently for Daiwa Securities Group Inc. and its subsidiary Daiwa Securities.

At the Daiwa Securities Group, the compliance section focuses on three key issues: securing the fairness and transparency of the market, eliminating any relations with anti-social forces, and maintaining information security, and supports Daiwa Securities and other Group companies.

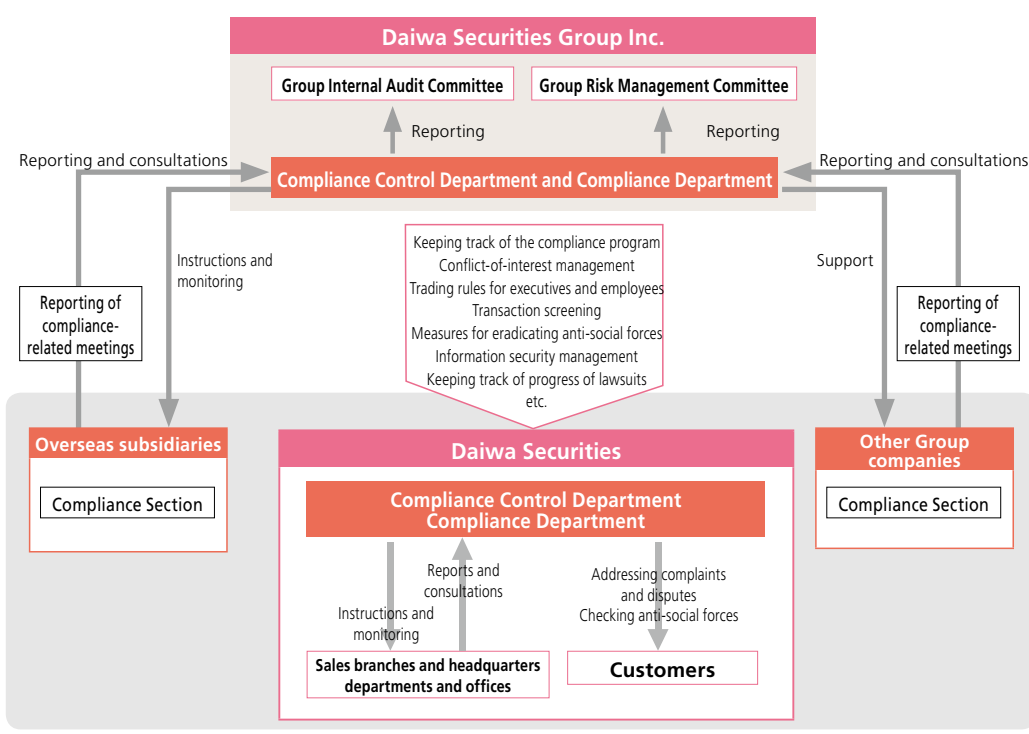
At Daiwa Securities, the Compliance Department monitors transactions and solicitation by sales branches, identifies challenges and issues, and visits sales branches to check their business and provide instructions. The department also regularly conducts

on-site inspections. Moreover, it visits the work sites of headquarters departments and sections directly, identifying issues and providing training support. The Customer Support Center, established within the Compliance Department, comprehensively handles customer feedback and complaints and reflects them in the business to improve customer satisfaction.

One of Daiwa Securities' strengths is that a full-time internal administrator belonging to the Compliance Department is stationed at all of the sales branches. The internal administrator works on improving the effectiveness of the PDCA cycle (plan-do-check-act) at each sales branch, while closely cooperating with the Compliance Department, thereby building a solid compliance system.

The compliance section consists of roughly 250 staff, composed of 41 staff at the Compliance Control Department, 77 at the Compliance Department, and about 130 working as internal administrators at sales branches. The staff members are striving to strengthen the Group's compliance system.

The Daiwa Securities Group's Compliance Framework



Full Implementation of the Customer First Principle

Daiwa Securities Co. Ltd. is taking measures in line with the compliance program to ensure the effective operation of our internal control system and strict compliance of our sales activities with laws and regulations. For FY2016, we set up the pillars outlined below, while maintaining the "Customer First Principle" as the keyword as in the previous fiscal year:

1. Greater emphasis on sales activities from the customer's perspective
2. Reinforcement of internal control systems at headquarters departments and sections
3. Exercise of proper functions as a gatekeeper to the market

Daiwa Securities markets a wide range of financial products including investment trusts. When soliciting investment from customers, we ensure compliance with the principles of integrity and fairness, the obligation to explain, and the principle of suitability from the perspective of investor protection. We have adopted the practice of systematically providing continuous and thorough after-sale follow-ups, rather than leaving it to individual sales agents, especially when the market is on a downward trend. We consider providing thorough, face-to-face explanation to customers and maintaining customer trust and a sense of security at the time of market fluctuations to be part of the practice of Customer First Principle for Daiwa Securities as a marketer of financial products. We will continue stepping up such initiatives going forward.

Securing the Fairness and Transparency of the Market

The Daiwa Securities Group is working to secure the fairness and transparency of the market from two standpoints. These points are how to check and prevent illicit transactions by investors and by Daiwa Securities itself.

To prevent illegal transactions by the investors, we check daily transactions by extracting deals that go beyond certain criteria, such as whether they have an excessive impact on the market. As an effort to address insider trading, we ask customers' place of employment and positions within their companies before registering their information. This practice allows us to check transactions as soon as trading orders are placed by customers who are in a position to acquire internal information. We also check the past transactions conducted with us retroactively when timely disclosure is made for important information.

To prevent illegal transactions within the Daiwa Securities Group, we strictly manage not just material facts of listed companies but broader information related to them in a similar way. We have also introduced a system managing their information, keeping track of people obtaining information and where information has been sent. We have thereby constructed a structure to prevent illegal transactions.

Eliminating Any Relations with Anti-social Forces

We recognize that financial institutions play a large role in eradicating so-called "anti-social" forces, and continue engaging in persistently. We also collaborate with the police and lawyers to eliminate any relations with such forces.

We have implemented a structure that prevents any relationship with anti-social forces from commencing by collecting a variety of information and closely checking them when accounts are to be opened. We also constantly accumulate new information and regularly check existing accounts in an effort to tighten management of ongoing transactions. Personnel serving customers at sales branches undergo training to hone their skills to identify anti-social forces and always stay alert.

Basic Policy on Avoiding Involvement with Anti-social Forces

To ensure fairness and the sound development of the securities market and protect our customers and employees, the Daiwa Securities Group has created a framework to eliminate the influence of organized anti-social forces, their associates, corporate extortionists, and other criminal elements and takes systematic measures to avoid all ties with such elements.

1. The Daiwa Securities Group will not carry out any transactions whatsoever with antisocial forces.
2. If it is determined that parties already having transactions with the Daiwa Securities Group are anti-social forces, we will swiftly take appropriate measures to terminate dealings with them.
3. The Daiwa Securities Group will provide no funds to anti-social forces.
4. The Daiwa Securities Group will accept no unfair demands from anti-social forces. If it is determined that an unfair demand has been made by anti-social forces, we will take legal action in the civil or criminal court against the party making the demand.
5. The Daiwa Securities Group establishes close cooperative relationships with outside parties such as the police force, the National Center for the Elimination of *Boryokudan* (anti-social forces), legal experts, and others.

Initiatives against Bribery and Corruption

In line with the principles of the United Nations Global Compact, the Daiwa Securities Group works to prevent corruption. Daiwa Securities' code of ethics and conduct prohibits employees from making reward or entertainment. We have also incorporated management rules on entertainment into self-inspection items since FY2015, and each department, office, and sales branch therefore inspects their practice voluntarily. We have especially tightened our oversight on the corporate business section by

requiring the section to make reports in accordance with the management rules on entertainment. We also strictly manage dealings with government officials to ensure that we are not involved in bribery and corruption as entertainment of government officials is prohibited by law. Similar instructions are being given to overseas operational bases.

Information Security

We at Daiwa Securities Group have implemented numerous information security measures to protect personal information entrusted to us by customers in a safe and precise manner.

In many personal information leakage incidents arising in recent years, leakage has occurred at third parties to which operations have been entrusted. Accordingly, when signing an outsourcing contract with a third party, we thoroughly check the information management structure of the party. We have also started conducting on-site visits before outsourcing to examine the practice of the party.

In October 2015, the Individual Number Act (the Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure) took effect. We have not only complied with the law, but also applied stricter standards to manage information. We have controlled access to Individual Number and other data entrusted to us by customers by isolating such data physically and managing them with extra care. No matter how much data is systematized, there always remains a human element. To ensure that a mistake does not occur, we focus on training for sales personnel to recognize the importance of data, while keeping the number of employees authorized to get access to personal information at a minimum level necessary. Daiwa Securities also bans employees from taking personal information out of the company in principle. When it is absolutely necessary to take information out for business purposes, we require employees to obtain prior approval from an internal administrator or other superiors and to keep records, thereby strictly managing such information.

We also strictly manage the printing of personal information and output to external recording media, while monitoring whether there is any unauthorized use. Since some of the documents received from customers are paper-based, we have implemented an initiative to prepare specialized portfolios to avoid the risk of losing documents within the company.

Fostering Compliance Awareness

We consider it extremely important for each employee to always maintain compliance awareness. We have therefore adopted a compliance-related program in training for new employees and other internal training. We also give tests on compliance regularly through e-learning, while posting "Information Security Check Test" and "Compliance Digest" every Monday on our intranet. Compliance-related contents are also broadcast twice a month in our internal TV program aired every morning. Moreover, at Daiwa Securities' sales branches, the internal administrator leads an initiative to provide training and instructions that suit each workplace on a daily basis. The branch

chief, meanwhile, chairs a compliance meeting in which all branch members participate. We have thus implemented various systems to keep the compliance awareness of all employees at a high level, and continue to foster awareness among employees.

Important Issues for FY2016 and Beyond

We will continue to focus on Customer First Principle and especially work on strengthening the checking function, including the internal control system of the headquarters. It is imperative that we comply with set rules, and we consider that the goal of our initiatives should not be just such adherence. Compliance is a common theme that must be addressed by the entire industry and also a matter of trust in the securities industry as a whole. We will therefore exchange information with industry peers and proceed with measures while sharing good practices with one another. The Daiwa Securities Group will strive to strengthen compliance as a leading company of the industry going forward and make efforts to contribute to enhancing trust in the entire securities industry.

Human Rights Initiative

Approach and Basic Stance

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

Basic Policy for Initiatives Addressing Human Rights and Social Integration Issues

1. Daiwa Securities Group Inc. supports and complies with the protection of human rights as advocated internationally and does not infringe on human rights within the boundaries of its influence.
2. The Daiwa Securities Group educates and instructs Group employees with accurate information on human rights and social integration issues.
3. At the same time, the Group views human rights and social integration issues as our own problem, not somebody else's problem, and fosters a sensitivity that enables empathy with the suffering of others.
4. We provide an equitable working environment that values people and is free of discrimination or human rights violations based on race, nationality, biological sex, sexual orientation, or gender identity.
5. Each employee is a member of society unburdened by prejudice.

Specific Efforts

1. We highly value the human rights of every stakeholder and our staff will always address clients, local communities and their members with great awareness of human rights.
2. We work to ensure that our hiring and recruiting, personnel evaluations and labor management practices are always fair.
3. The Group is continually improving internal human rights education and awareness programs, including regular training and feedback and response loops.

Human Rights Awareness Promotion Committee
Revised on August 12, 2016

Human Rights Education and Awareness

In 1984, the Daiwa Securities Group set up the Human Rights Awareness Promotion Committee. Its establishment is aimed to promote activities and training for raising human rights awareness, thereby encouraging better understanding and appreciation of social integration and other human rights issues including so called *Dowa-mondai* in Japan, which refers to centuries-old discrimination and ostracism against a specific group in Japanese society. Since the committee's establishment, we have been working to achieve its objective. Besides the committee, all Group managers at the head office or branch level act in a promotional role, using education and awareness activities to ensure that employees correctly understand and acknowledge human rights and social integration issues. The committee revised and released the Group's Basic Policy for Initiatives Addressing Human Rights and Social Integration Issues in August 2016.

The Daiwa Securities Group has been a member of the Industrial Federation for Human Rights, Tokyo, since

1998. The Federation is composed of 125 companies mostly headquartered in Tokyo with a combined total of one million employees (as of May 2016). Federation members work together to improve their employees' awareness of human rights issues through research and communication.

Composition of Human Rights Awareness Promotion Committee

Chair: the director as Human Resources Officer at Daiwa Securities Group Inc.

Vice Chair: the director as deputy Human Resources Officer and head of the Human Resources Department

Committee Members: five department heads including Executive Officer and General Manager of the Corporate Communications

Initiatives in FY2015

In FY2015, we provided human rights education in training for the Group's new employees conducted immediately after their induction ceremony as well as in training for young employees (annex education) and for those newly becoming general managers, managers, and associate managers. The chief of the Human Rights Awareness Promotion Committee Secretariat took charge of the training, taking up basic knowledge of human rights and the recent social environment. LGBT issues were also newly added to the training for FY2015 to deepen understanding in this area.

In November, the Group also held a Human Rights Awareness Workshop, an event to consider human rights from multiple viewpoints, for all executives and employees. The participants held discussions after watching an educational video entitled "Why do businesses need to promote human rights awareness?"

Moreover, we disseminate information on human rights regularly through our in-house magazine, issued every other month. We also solicited human rights awareness slogans between October and December in a contest designed to promote a broader and deeper understanding of human rights issues. Contest participation was open not just to employees but also to their families. The winning entries were presented in our in-house magazine.



Human rights education for employees



The in-house magazine is used to promote human rights awareness

Human rights education for employees for FY2015

• Training participants

670 new employees

• Objective

To acquire basic knowledge concerning human rights
To understand and raise awareness of the Group's fundamental principles concerning respect for human rights

• Training participants

442 promoted employees

• Objective

To acquire knowledge and raise awareness concerning human rights required for their respective positions

Risk Management

Approach and Basic Stance

While the Daiwa Securities Group pursues profitability and growth, we also recognize the importance of identifying and evaluating the various risks associated with our business operations accurately, and controlling them effectively. Our objective is to improve corporate value steadily 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 and Risk Appetite Framework*

Daiwa Securities Group Inc. has drawn up the “Risk Appetite Statement” to clarify its risk-taking policy and risk management system consistent with its group's business strategy. The statement has been approved by the Board of Directors. In line with the group's business profiles, it defines risk categories, quantitative indicators to be managed, risk culture based on the corporate principles, and the governance structure supporting these matters. Based on this risk appetite framework, we at Daiwa Securities Group Inc. control risk according to the profile and the size of risk at each business, and monitor the risk management systems and risk exposures of our subsidiaries. Risk exposures and issues are discussed at the Group Risk Management Committee, which is a sub-committee of the Executive Management

Committee. The Risk Management Department plays a central role in these risk controls.

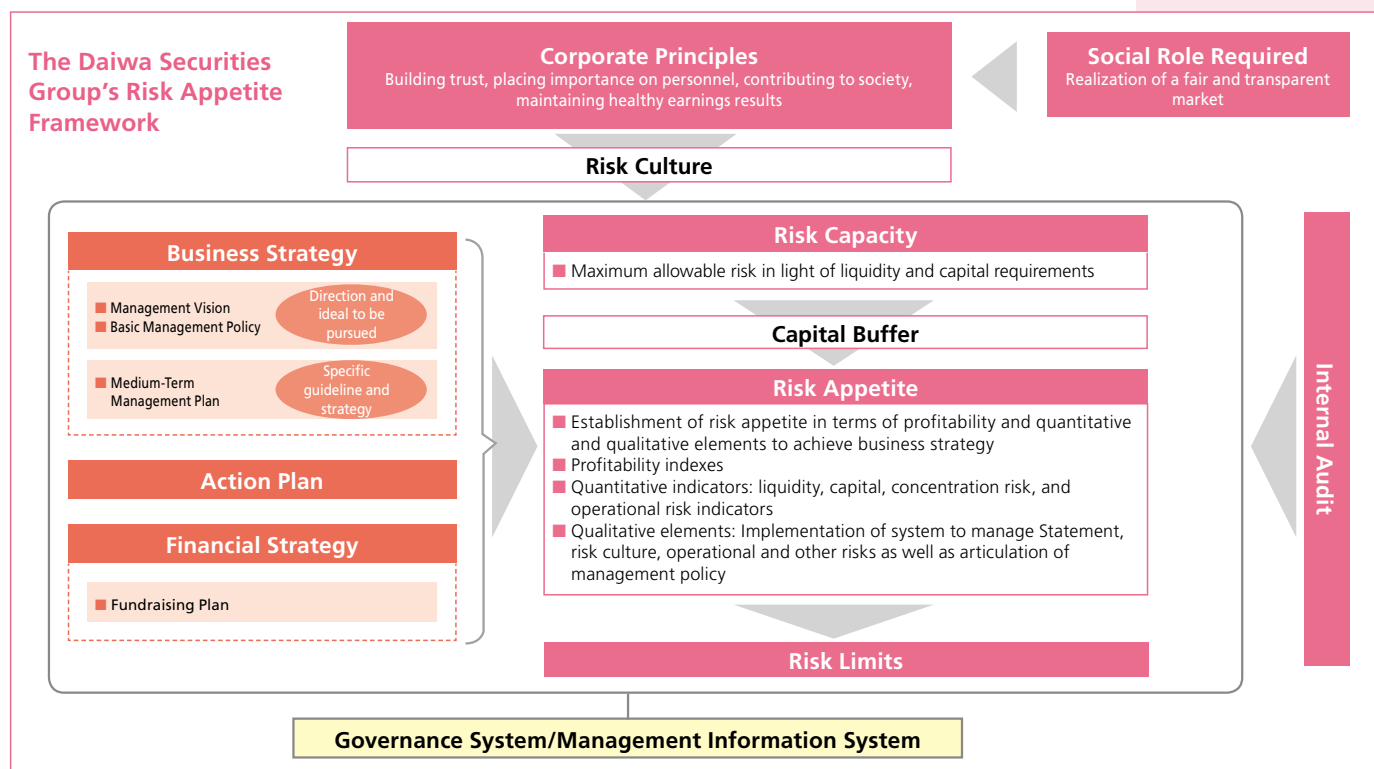
Appropriate Risk Controls

● System Adequate to Prevent Risk at Worksites (Three Lines of Defense)

The Risk Management Department has set up groups according to risk fields—the market risk management, credit risk management, liquidity risk management, and planning groups. Each group is responsible for controlling risk in their fields. The department also has an IT & Administration group that provides IT support due to the elaborate calculations required in risk measurement. Moreover, overseas business bases and major group companies also have risk control divisions. We thus manage risk at home and abroad through group-wide collaboration.

*Risk Appetite Framework

This risk appetite framework defines risk appetite as the type and total amount of risk that should be assumed in order to achieve business strategies. It is a common phrase used internally to discuss risk-taking policies within the context of business management.



It is a fact that risk materializes where business is executed. The Risk Management Department monitors risk based on measurement of indicators, but always communicates with business units because numerical data is sometimes not enough to determine business conditions. The department has also employed Risk Control Self-Assessment (RCSA), identifying risks at each business unit along with people working there and implementing measures to avoid risk. We thus help them, where risk arises, to control risk on their own.

The first line of defense to prevent risk from emerging is each business unit, which controls risk based on self-discipline. The second is the Risk Management Department, which is tasked with controlling risk in a cross-organizational and comprehensive manner. The third is the Internal Audit Department. We endeavor to control risk by utilizing these three defense lines.

Sophisticated Risk Management

● Drastic Changes in Risk Controls after the Lehman Brothers Bankruptcy and the Financial Crisis

It goes without saying that the importance of risk management at financial institutions became a matter of public awareness following the financial crisis triggered by Lehman Brothers Holdings Inc.'s bankruptcy. Discussions were held among people in different perspective across the globe under the recognition that, although financial institutions had engaged in risk management, their risk controls were inadequate, resulting in the financial crisis.

Immediately after the financial crisis, many major international financial institutions were bailed out by injecting public funds—taxpayers' money. In financial markets, where global and complicated transactions are conducted, assets and liabilities of financial institutions are intertwined with one another in a complex way. Therefore, if one of the institutions collapses, a chain of crises occurs instantly across borders, possibly throwing the financial market into chaos. It can be said that, during the crisis, to avoid such an eventuality, governments had no choice but to inject public funds for bailouts.

Risks for the Daiwa Securities Group



Tsutomu Kobayashi

Managing Director of the Risk Management Department of Daiwa Securities Group Inc.
Managing Director of the Risk Management Department of Daiwa Securities

The risks which are particularly important for the Daiwa Securities Group as a general securities group are those related to our key securities business, securities transactions, and market making, which is associated with such trading. Managing risk for liquidity of funds is extremely important as transaction amounts are large. We especially focus on the management of foreign currency liquidity risk arising with an increase in handling of global financial products. At the same time, we need to control the market risk resulting from fluctuations of securities prices, credit risk for business partners and issuers, and the integration risk measured from an overall management perspective and a medium- and long-term viewpoint. The Risk Management Department's role is to quantify and monitor these risks.

In addition to these risks, we have operational risk, which is difficult to quantify. Operational risk is further classified into seven risks, including compliance, information security, and operations risks. They are each managed by different departments and sections, but the Risk Management Department is responsible for their overall management.

Reflecting on the crisis, the financial authorities have started requiring financial institutions to grasp the scale of loss that could be incurred at the time of manifestation of risk, no matter how small the chance of such loss may be foreseen. Financial institutions are also required to prepare a structure allowing them to collect accurate data on risk arising from daily transactions with customers and counter parties and report such data promptly if necessary. The collapse of a major financial institution would leave not only the shareholders and employees of the institution, but also society in chaos. To stem the risk that may spread globally, it is necessary to establish universal standards. This has prompted G20 countries and others to introduce globally standardized regulations.

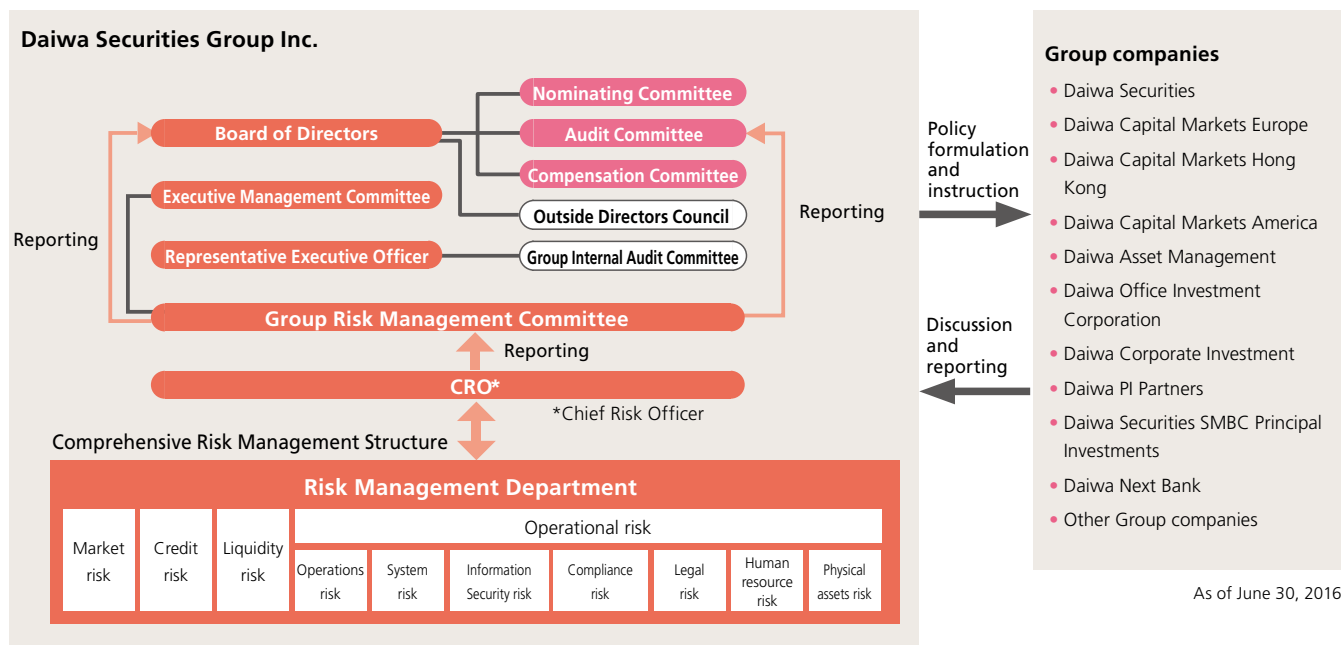
● Designation of Domestic Systemically Important Banks (D-SIBs)

In December 2015, Daiwa Securities Group Inc. was designated as one of Japan's Domestic Systemically Important Banks (D-SIBs). Following the designation, we have introduced the aforementioned risk appetite framework in FY2016. The framework has been established not merely for risk management, but for a

management system encompassing various initiatives closely related to business strategy.

Moreover, the financial institutions designated as D-SIBs need to comply with "Principles for effective risk data aggregation and risk reporting" within three years from the designation. This requirement has been implemented in light of the financial crisis, to enable financial institutions to aggregate and assess data on various risk events and impact arising at each institution and to report it in a timely and accurate manner. These initiatives are expected to lead to more elaborate risk management methods through the development of infrastructure and construction of a governance system, while enhancing and advancing management efficiency. We consider the flow from savings to investment to be a business opportunity and strive to help further development of capital markets. Further sophistication of our risk controls will contribute to the realization of this business strategy. Risk management holds a large key to the Daiwa Securities Group fulfilling an intermediary function in finance—an important infrastructure of society—and helping to develop sound financial and capital markets. We will continue working on risk management, considering that it is a responsibility toward society we need to fulfill as a financial service group.

Risk Management System



Supply Chain Management and Human Rights Due Diligence

The Daiwa Securities Group regularly checks the documents disclosed by major business partners, including providers of IT equipment and services, as well as news reports about these companies and their reputation on the Internet in order to address issues in the Group's supply chain, including ones related to the environment, society, human rights, information and cyber security. If any issues are found, we take steps, such as urging the business partners to make improvements. We also collect information provided by public institutions in and outside of Japan and exchange information with external parties to be aware of human rights issues that exist in the countries where the Group conducts business operations. We then consider taking appropriate measures for issues of importance.

We carry out due diligence in deals underwritten and in self-investment deals, considering not only business history and financial aspects but also environmental and social issues.

Business Continuity Plan

To be prepared for emergencies, we have drawn up a business continuity plan (BCP) prioritizing important operations* to be restored and continued in order to keep the financial markets open and to protect customers' economic activities. Emergencies which might make our head office functions, branches and data centers or other important facilities inoperative include: earthquakes, fires, storms, floods, other extraordinary weather conditions, terrorism, serious outbreaks of infectious diseases, such as new strains of influenza, and serious disruptions of social infrastructures and services due to such events. In accordance with this plan, we will not only ensure the safety of customers, our employees, and protection of our assets but will strive to continue our vital operations in the financial markets where our business

serves public interests. For example, we have begun operating Japan's highest-level backup center, which enables us to easily switch to the alternate system in case of an emergency at headquarters. We can thereby continue vital operations through a substitute office location.

● Initiatives on Impact of Climate Change

A significant rise in sea levels and the occurrence of extremely large typhoons due to global warming have recently raised concerns over potential large-scale flood damage. Some of the Daiwa Securities Group's important business bases are located in places not very far from the seashore or rivers and may be affected should floods occur. We are not just taking general precautions against flood damage, but promoting such measures as setting up key equipment and facilities at different sites and moving machinery to the upper stories of our office buildings, in order to mitigate the impact of disasters on our business operations as much as possible.

*Prioritized operations to be restored or continued

1. Carrying out securities transactions traded in the markets and yet to be settled
2. Payment to our customers
3. New orders from customers to sell, cancel or withdraw for the products below:
 - Domestic listed shares, including closing long positions on margin transactions
 - MRF (money reserve funds), MMF (money market funds)
 - Japanese government bonds for individual investors
 - Ordinary deposit

Power receiving and transforming facilities relocated to the rooftop of the Osaka branch building



IT Strategy and the Management of Systemic Risk

Approach and Basic Stance

Under its Medium-Term Management Plan, “Passion for the Best” 2017, Daiwa Securities Group will promote two IT strategies (basic IT policies), namely, “strategic IT investment” and “strengthening IT governance” in order to achieve the management vision of “leading the capital markets in Japan and Asia, and becoming the customer’s first choice securities group.”

IT Governance Structure

To achieve the management vision of “leading the capital markets in Japan and Asia and becoming the customer’s first choice securities group,” the Daiwa Securities Group is pursuing two IT strategies (Basic IT Policies): “Strategic IT Investment” and “Strengthening IT Governance.” These are included in the Group’s Medium-Term Management Plan, “Passion for the Best” 2017, which commenced in FY2015.

Against a backdrop of globally tightening financial regulations, increasingly serious and sophisticated cyberattacks, and the spread of advanced services combining finance and IT (FinTech), the CIO* has been placed in charge of overseeing all IT-related operations across the Group, including overseas offices, through the aforementioned committees, and is tasked with strengthening collaboration within the Group and managing risk on a global basis.

*CIO: Chief Information Officer

Strategic IT Investment

Aware of the importance of synchronizing management and IT strategies, Daiwa Securities Group prioritizes the allocation of resources in IT investments that contribute to the achievement of Group performance targets and business strategies. By aiming to coordinate strategic IT investments with changes in tax systems and infrastructure platforms that are essential for business continuity, the Group strives to enhance the value added of its businesses. More specifically, to provide investment services that lead the transition “from savings to investment,” the Group is working to improve its approach to a new customer base (i.e., the next generation of high-net-worth individuals and young people) and enhance marketing efficiency and quality in order to address the diverse needs of investors. The Group is focusing efforts on enhancing convenience for Japan’s individual savings account (NISA) holders and users of its online services, while expanding marketing support functions.

The Group has proactively developed both face-to-face marketing and non-face-to-face marketing channels with IT. Since the rapid advancement of IT has made it more important to have a business strategy that leverages cutting-edge technologies, the Group has newly established the

Artificial Intelligence (AI) Office and the Advanced IT Strategy Department as organizations specializing in analysis and research in this field. The Group has also reinforced efforts by launching conferences on financial innovation with cutting-edge technologies across the Group organization, headed by the CIO.

Systemic Risk Management

Daiwa Securities Group works to maintain and enhance the management of systemic risk in order to reliably provide high-quality services to customers while protecting information assets from various threats and risks. The Group monitors the status of its networks and information systems and makes qualitative improvements to its systems based on periodic risk assessments, in order to prevent risks from occurring. In FY2015, in response to the launch of the Japanese government’s Individual Number identification system, the Group introduced security management measures using the latest in technology to encrypt these identification numbers and restrict access to this information.

In recent years, external threats such as cyberattacks have grown in severity and sophistication. Since it has become more important for the entire Group, including overseas offices, to address these external threats on an organizational and technological level, the Group collaborates with outside institutions to collect and analyze the latest information about cyberattack methods and vulnerabilities. We have adopted a multi-layered defense that combines defense measures on several fronts, such as “ingress defenses” that prevent illicit intrusions from the outside, “internal defenses” that prevent unauthorized use, and “egress defenses” that prevent the external leaking of information. The Group will continue to enhance its management of cyber security, centered on its CSIRT*.

*Computer Security Incident Response Team:
The organization that manages cyber security across departments

Environmental Initiatives

Approach and Basic Stance

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 promoting products that can help reduce the environmental burden, and also by introducing 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 preservation, observing environmental laws and regulations in addition to the Group's environment policies

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

Environmental Management

Every six months, the Daiwa Securities Group holds a meeting of our Environmental Management Council, where representatives from major companies of the Group share data and exchange information. In addition, at Daiwa Securities and Daiwa Property Co., Ltd., both of which have a significant impact on the Group's power consumption and CO₂ emissions, the relevant departments hold a joint meeting every week, discussing measures to reduce their environmental impact, checking the progress of improvement measures and sharing information. Daiwa Institute of Research also joins the meeting as required. Moreover, 11 Group companies with offices in Gran Tokyo North Tower attend a meeting of the CO₂ Reduction Promotion Committee hosted by the management company of the building every six months, working together to reduce the overall CO₂ emissions of the building.

We strive to improve our efforts, while reporting quantitative data on our environmental impact over time, including energy and water consumption, CO₂ emissions, waste disposal and recycling volume.

Initiatives to Reduce Environmental Impact of Business Activities

● Introduction of Environmental Accounting

As part of our efforts to reduce environmental load, the Daiwa Securities Group has started introducing environmental accounting. It is expected to more accurately help us to track the costs and effects of environmental preservation and reduce environmental loads more effectively.

● Initiatives at Head and Branch Offices

When installing new equipment at head and branch offices, Daiwa Securities requires that the equipment be certified under Top Runner standards*. We also adopted a policy of replacing our company cars with still more fuel efficient eco-cars and hybrid vehicles

Investment in energy-saving air conditioning systems for FY2015

¥274.05 million

(including system costs)

Company cars in Japan (Daiwa Securities)

1,036 vehicles

including

Eco-cars 554 vehicles

Hybrid cars 40 vehicles

(As of March 31, 2016)

• Introduction results for FY2015

Eco-cars 137 vehicles

Hybrid cars 31 vehicles

• Introduction plan for FY2016

Eco-cars 64 vehicles

Hybrid cars 58 vehicles

*A set of energy efficiency standards introduced in 1999 for energy intensive products.

within several years. The policy has been implemented since FY2014. The planned replacement, at the time of completion, would reduce CO₂ emissions by the amount equivalent to the CO₂ absorption of more than 40,000 Japanese cedar trees annually (an estimate by Daiwa Securities using fuel efficiency data disclosed by automakers). The Daiwa Securities Group also strives to choose environmentally friendly products in the Group's central purchasing.

● Offering Environmentally Friendly Services

Daiwa Securities 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 (hardcopy reports). Reports received in an electronic format can, in principle, be accessed and confirmed as and when required, saved to personal computers, and printed for five years after initial receipt.

The proportion of customers choosing the online service was 38.7% as of the end of March 2016, up 1.8% from the previous year. We will continue recommending the service to increase the number of customers using it.

● Carbon Dioxide Emissions

Energy consumption at the Daiwa Securities Group's domestic offices (on a CO₂ emissions basis) fell by approximately 9.1% in FY2015 compared with FY2014 as a result of increased efforts to conserve energy.

⇒ Refer to "CSR Related Data" on page 69 for details

● CO₂ Emissions Reduction Targets

We have set up the goal of reducing CO₂ emissions by 1% from a year earlier, in principle, on a domestic consolidated basis, while complying with the Act on the Rational Use of Energy and Tokyo's environmental protection ordinances in a continuous and systematic way.

We continue to take energy saving initiatives including the implementation of the "Cool Biz" program in FY2016 as well, carrying out energy savings measures through on- and off-peak periods.

● Targets for FY2016

- Continue to introduce eco-cars
- Initiatives for the reduction of electricity consumption
 - Achieve a reduction of at least 10% from the FY2009 level (as of FY2020)
 - Achieve a reduction of at least 20% from the FY2009 level (as of FY2030)
 - *On a per unit area basis for both targets
- Improve the accumulation of environment-related data and hone skills to analyze those data
- Purchase products certified under the Top Runner standards

Initiatives in Real Estate Management

● Operation of the Sustainability Committee

Daiwa Real Estate Asset Management launched a Sustainability Committee in FY2013 as part of its efforts to systematically address a variety of CSR-related challenges. The Committee, comprising the president and full-time executives, draws up policy on sustainability and discusses challenges and activities as needed.

In FY2015, the Committee held discussions on the acquisition of Global Real Estate Sustainability Benchmark (GRESB) Survey and Building Energy-efficiency Labeling System (BELS) evaluations.

● Environmental Initiatives at Shinjuku Maynds Tower

The following environmental initiatives have been implemented since 2012 at the Shinjuku Maynds Tower building, which is owned by Daiwa Office Investment Corporation and operated by Daiwa Real Estate Asset Management:

● Adoption of Energy Management System "BEMS" for the Central Control System (completed and put into operation in September 2015)

Building energy management system (BEMS) functions have been added to the new central control system, allowing for elaborate energy monitoring and control of the entire building.

● Introduction of Automated Electronic Air Conditioning Control System (completed and put into operation in September 2015)

The replacement of the existing self-contained control system with an electronic system has helped to optimize the efficiency of air conditioning systems and curb energy consumption.

● Adoption of LED Lighting (2012–present)

Since 2012, we have continued to install LED lighting systems in common-use space, such as the underground parking lot, first basement level and entrance on the first floor. We have also adopted the green lease scheme* since 2014 to promote the use of LED lights in tenant-owned space. The installation has proceeded gradually under the scheme, with both tenant and landlord enjoying its merits. By May 2016, the scheme has been used in three cases, including one in which the electricity usage has been halved compared with the pre-adoption level. We plan to gradually introduce LED systems in other tenant-owned space as well after holding discussion with tenants.

*Green Lease Scheme

A method enabling the landlord and the tenant of a rental building or other types of rental property to cooperate and reduce the environmental load in a scheme benefiting both sides. Such methods include an arrangement where the tenant returns part of the savings, such as a decrease in electricity charges, attributable to the landlord's investment in energy-saving facilities, as a green lease payment to the landlord.

CO₂ emissions reduction by adopting LED lighting (in comparison with the levels prior to the introduction of LED lighting)

•About **164.5 tons**
(Shinjuku Maynds Tower in 2015)

● Acquisition of Evaluation under Building Energy-efficiency Labeling System (BELS)

Daiwa Office Investment Corporation newly acquired a BELS^{*1} evaluation for some of its portfolio properties on March 3, 2016.

***1** BELS is a system initiated on April 25, 2014, based on “The guideline on evaluation of energy efficiency performance on buildings except housing (2013)”^{*2} established by the Ministry of Land, Infrastructure, Transport and Tourism. Under the system, third-party institutions evaluate the energy conservation performance and other related matters of non-residential buildings, regardless of whether they are new or existing buildings, on a five-point scale.

***2** The guideline showing evaluation and presentation methods and points to note concerning energy efficiency performance with the aim of contributing to a further improvement in energy efficiency performance for non-residential buildings and appropriate provision of information in the real estate market

BELS logo (Daiwa Jimbocho Building)



Portfolio properties acquiring a BELS evaluation

- ・Daiwa Jimbocho Building: ★★★★★
- ・Daiwa Kayabacho Building: ★★★★★
- ・Shin-Yon curumu Building: ★★★★★

Web

BELS: Acquisition of Evaluation under Building Energy-efficiency Labeling System (BELS) (Japanese)

Relationship with Shareholders and Other Investors

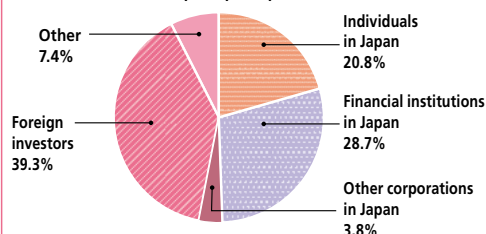
Approach and Basic Stance

The Daiwa Securities Group works hard to advance communication with shareholders and other investors. We will work hard to provide stockholders and investors with improved communications and information that are easy to understand.

Breakdown of Shareholders

Breakdown by Investor Type (As of March 31, 2016)

Total number of shares outstanding:
1,749,378,772



Dividend Policy

Daiwa Securities Group Inc. adopted the policy of paying dividends semiannually at a payout ratio of approximately 30%. However, to further increase shareholder returns, we have decided to raise the targeted payout ratio to around 40% from the year ended March 31, 2016. The following is our revised policy.

Dividend Policy

Daiwa Securities Group Inc. aims to continuously provide improved value for shareholders, including distribution of profits. In principle, dividends are paid semiannually (interim and year-end dividends) at a payout ratio of approximately 40% based on consolidated financial performance. We also actively seek ways to increase returns to our shareholders, including share buybacks when we have sufficient accumulated capital to pursue further growth.

Communication with Shareholders and Investors

Every year, many shareholders attend our general meeting of shareholders, which is an opportunity for us to interact directly.

Other activities include telephone conferences on the days of earnings announcements, briefings about the company for individual investors, management strategy briefing sessions, one-on-one meetings with analysts and investors and participation in Daiwa Investment

Conferences held in Tokyo, Hong Kong and New York.

In addition, we are further developing information disclosure on our IR websites and publishing integrated reports and business reports for shareholders. We will continue to strive to make our communications even more accessible and precise for shareholders.

Questionnaire for Shareholders

We distribute a questionnaire to shareholders coinciding with the distribution of rewards under our Shareholder Rewards Program at the end of September, to gather and incorporate their views into management and IR activities. The findings of these questionnaires are utilized to enhance satisfaction with the shareholder reward program and to improve our business operations.

September 2015 Shareholder Rewards Questionnaire Contents

- When did you first purchase our shares?
- Why did you choose to buy the stock of Daiwa Securities? (multiple answers allowed)
- What types of disclosure and corporate communication would you like to see enhanced in the future? (multiple answers allowed)
- Are there any products you would like for the shareholder reward program? (multiple answers allowed)

Shareholder Reward Program

Daiwa Securities Group Inc. has been implementing a shareholder reward program for over 10 years to express our continuing gratitude to shareholders. We also introduced a catalog system at the end of March 2008 and since then have been providing reward products posted in the catalog semiannually, at the end of March and September. Shareholders have multiple reward options to choose from such as regional specialties; charitable donations; "Kaisha Shikiho," a quarterly journal on investment; and points that can be used in Daiwa's Point Program. For those qualified at the end of each March, they are also offered an opportunity to choose a calendar.

Initiatives in FY2015

● Communication of New Medium-Term Management Plan and Other New Information

Amid a major shift from savings to investment, the Daiwa Securities Group actively disseminated information contributing to the improvement of the Group's corporate value. For example, we

Breakdown of shareholders

(As of March 31, 2016)

• Foreign investors

39.3%

(Down 6.0 points from the end of the previous fiscal year)

• Individuals in Japan

20.8%

(Up 2.6 points from the end of the previous fiscal year)

Web

Stock Information

Web

Investor Relations Information

communicated the summary of our previous Medium-Term Management Plan, an overview of our new Plan, and other information efficiently and effectively at earnings announcements and management strategy briefing sessions, as well as in business reports.

● Expansion of IR Operations for Corporate Governance

In overseas IR initiatives, we implement effective activities that suit each investor base. For example, we communicate with institutional investors by providing explanations of the Group's governance structure to their staff responsible for exercising voting rights. We are also reinforcing briefings for individual investors held at sales branches of Daiwa Securities. Moreover, the Group holds a live seminar-style briefing for individual investors on the Internet, attracting participation of many investors and a large audience. At these briefings, we provide a question-and-answer session and conduct a questionnaire, thereby obtaining diverse feedback, in order to use such feedback for the improvement of communication with individual investors in the future.

● Increasing Shareholder Returns

The Daiwa Securities Group's capital policy is to aim to continuously improve the Group's corporate value while seeking to achieve an optimum balance between maintaining financial health, raising capital efficiency, and increasing shareholder returns. In an effort to further increase shareholder returns, we raised the targeted payout ratio to around 40% in FY2015, and also bought back our own shares to further increase returns to shareholders through the enhancement of capital efficiency.

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.

● Disclosure Policy

As a company engaged in the securities business, in information disclosure, we aim to be a role model for other listed companies. We will strengthen disclosure of not only financial information, but also non-financial information with social and environmental aspects that are not evident in short term financial figures.

Disclosure Policy

- The Daiwa Securities Group will provide important information about the Group, including financial, social and environmental aspects, in a fair, prompt and appropriate manner. We will thereby promote understanding of the Group among shareholders, investors, local communities and other stakeholders to help them to properly evaluate us.
- The Group will comply with the Financial Instruments and Exchange Law, other laws and regulations as well as rules implemented by the financial instruments exchanges where 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 briefings, telephone conferences, the Internet and printed materials to disclose information in a manner that is easy for investors to comprehend.
- The Group will always keep in mind our responsibility to lead the securities market and strive to set an example for other listed companies in disclosing information.
- To ensure that these policies are implemented properly, the Group has established a Disclosure Rule that sets forth the establishment of a Disclosure Committee and the Group's information disclosure methods.

Number of overseas IR activities held in FY2015

• North America:

3 IR events
(about 30 meetings)

• Europe:

2 IR events
(about 30 meetings)

• Asia:

3 IR events
(about 25 meetings)

Number of briefings at sales branches and live seminar-style Internet briefings for individual investors and number of participants in these briefings

• Number of briefings at sales branches:

9

• Number of live seminar-style Internet briefings:

2

• Total number of participants: approximately

2,400 people

Share buyback

• Buyback period

From February 17 to March 9, 2016

• Total number of shares repurchased:

27 million shares
(Percentage to total number of issued shares excluding treasury stock: 1.57%)

• Total amount of shares repurchased:

¥18.585 billion

Live seminar-style briefing about the company for individual investors
(March 2016)



Briefing materials about the company for individual investors
(March 2016 edition)



Relationship with Employees

Approach and Basic Stance

The Daiwa Securities Group believes that maximizing the motivation of our employees will lead to improved customer satisfaction and consequently enhance shareholder value. We take a range of measures to ensure that all of our employees feel a sense of job satisfaction and that their families and partners share their pride to be part of the Group. We have our corporate culture nurtured since foundation of our business, and we regard it as the core of Daiwa's identity. We have taken steps to crystallize the basic philosophy and mindset of the Group inherent of our culture to be manifested as the "Daiwa Spirit." We hope that the "Daiwa Spirit" will enhance employees' sense of unity and togetherness and thus the Group's overall strength.

Hiring Initiatives

● Hiring Approaches and Trends

The Daiwa Securities Group would like all of our 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 and regular employees aiming to encourage newly hired to have a sense of trust and pride in the Group, and a sense of solidarity with their colleagues.

By providing an environment where diverse people can perform to their full potential, we hope to be able to retain highly skilled people. We also focus on attracting people capable of excelling globally to take a leadership role in the development of capital markets in Japan and Asia and become the customer's first choice securities group.

● Fairness in Hiring

The Daiwa Securities Group has formulated and announced its Guidelines for Fair Hiring, comprising three fundamental principles for ensuring fair hiring practices.

Guidelines for Fair Hiring

1. Utmost respect for the rights of the applicants.
2. Eligibility for all individuals who meet the hiring criteria.
3. Making all hiring decisions based on a fair and objective evaluation of the applicants' ability, aptitude and motivation.

● Recruitment of University Graduates

In FY2011, we began hiring recent university graduates who had obtained their diploma within the preceding three years with or without any work experience during the period as part of our efforts to build a diverse workforce. These recruits receive the same training as new graduates.

● 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 accordance with the enactment of revisions to the Act on Stabilization of Employment of Elderly Persons in 2013, and as the careers of employees grow longer, we associate our sustainable growth as a company with the employment of older people who wish to continue learning and working in a meaningful way as a part of the organization. Daiwa Securities Co. Ltd. is greatly expanding its training programs for employees aged 45 and older, and has introduced a License Certification System that provides incentives to employees to improve their skills and polish their acumen as professionals.

We support both work and caregiving, and are creating an environment in which employees can move forward enthusiastically without concerns over their future lifestyle.

● Employment of People with Disabilities

As of FY2015, the Daiwa Securities Group had more than 170 employees with disabilities handling a wide range of responsibilities in our head office, sales branches and contact centers.

We had started recruiting new graduates with disabilities as regular employees (general office staff) in FY2008, and in FY2011 broadened the scheme to the career-track employee, regional career-track employee, and employee for customer services. We have also vigorously increased recruitment opportunities by holding briefings about the company for new graduates, participating in career expos, and implementing job placement support programs for university students with disabilities.

Once people with disabilities are hired, we provide support for their career advancement, for example, creating opportunities for them to enter the

Number of new employees for FY2016

662 people

(8 group companies*)

*Refer to "CSR Related Data" for companies covered by data

career-track and regional career-track employment opportunities.

Human Resource Development and Skill Enhancement

● Employee Training Approaches and Trends

The Daiwa Securities Group's competitiveness derives from our employees. We have a management vision to take a leadership role in the development of capital markets in Japan and Asia and become the customer's first choice securities group. To realize this vision, we focus on human resource development with the aim of creating clusters of professionals. We offer extensive training programs to newly hired employees as we believe that the time when they join us is a critical period for their training. The program ensures that they acquire not only basic knowledge and skills, but understanding of our corporate philosophy and commitment to CSR. It enables us to nurture human resources with professional skills at an early stage.

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 with programs 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 Co. Ltd. helps employees raise their skills to new levels, and has set up new programs that aim to improve specializations. We also have training programs for managerial personnel to improve organizational productivity further.

The Daiwa Securities Group views the first two years of an employee's career as a period for their basic training into a professional. The Daiwa Basic Program covers this period of training, and it is being expanded from FY2015.

● Supporting Employees Trying to Earn Credentials

Daiwa Securities Group consistently strives to further enhance its expertise as a part of efforts to be the customer's first choice securities group. Daiwa Securities sees Financial Planner (AFP and CFP®) and Securities Analyst qualifications as core requirements, and encourages employees to acquire these certifications. Daiwa Securities Co. Ltd. had 616 employees with CFP certifications as of March 31, 2016, the highest number in the industry.

Since FY2014, we have had an Inheritance Planner Certification program in place. Certification candidates are selected from among employees with CFP qualifications, undergo practical training in-house, and those who pass are certified as personnel with advanced expertise through an in-house qualification system. In addition, the company provides generous

support by, for example, subsidizing certification costs so that employees can enhance their specialized skills and become professionals.

● Intra-group Job Postings and the Career Track Change System

We have instituted a Career Track Change System that enables non-career-track employees to transfer to career-track and regional career-track positions. Under the system, more than 1,100 employees have moved to other positions. We have also instituted a system of intra-group job postings to help employees with skills and the desire to realize their potential to open new career paths.

● Evaluation System

For this purpose, we have implemented a multifaceted evaluation system for managers. This involves subordinates and related departments assessing each manager's job performance in carrying out his/her duties and the results being fed back to the manager. With the scheme we intend to improve the managerial skills of those assessed and improve our overall productivity. We also take their compliance-related performance into account.

In addition, we endeavor to create a personnel evaluation system that motivates all employees, regardless of years they are with us, whether they are young, middle of their careers, or experienced veterans, to challenge the next stage of their careers and to work in positions with bigger responsibilities.

Striving to Create a Pleasant Working Environment

● Encouraging Work-Life Balance (WLB)

One of the Daiwa Securities Group's targets is to promote an advanced level of WLB. 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.

Since FY2013, Daiwa Securities Co. Ltd. has held meetings of the WLB Advisory Committee with

WLB Advisory Committee



**Number of persons
earning CFP®
certifications at Daiwa
Securities**

616

(At the end of March 2016)

directors, department managers and employees in attendance to discuss and advice on measures related to promoting work-life balance. Meetings are held once a quarter.

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. Surveys concerning the Group's efforts to support both the career and childrearing needs of its employees have been conducted to solicit input from all Group employees. These surveys are 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 surveys, 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. Starting in FY2014, Daiwa Securities Co. Ltd. offers a Childrearing Support Leave system that encourages male employees to take leave and help with childrearing. We will continue promoting initiatives designed to attract the kind of high-caliber employees who build an enterprise that achieves great performance.

Trends in Acquisition Rate of Childcare Leave by Gender

	Gender	FY2013	FY2014	FY2015
Acquisition of childcare leave	Female	100.0%	99.3%	100%
	Male	1.6%	41.9%	73.1%
Return to work rate for those taking childcare leave	Female	90.0%	93.2%	92.5%
	Male	100.0%	100.0%	100%

● Encouraging Women to Succeed

The Daiwa Securities Group proactively appoints talented human resources regardless of gender.

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

WLB 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 seven 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 316 women at Group companies as of March 31, 2016. The ratio of women in management positions has risen from 2.2% (at the end of FY2004) to 7.5% at the Group, and from 2.3% to 8.9% 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. To date, more than 1,100 female employees converted to career-track positions. An increasing number of employees have also taken advantage of our Professional Return Plan, a system for re-hiring employees who left work to raise children or care for family members, starting them at the same level of compensation as when they left. The scope of this system was expanded in FY2015. This has helped us secure talented personnel who support operations.

Starting in FY2014, Daiwa Securities launched the female employee career support training initiative (Daiwa Woman's Forum) helping women to build networks among themselves. 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.

Daiwa Securities has a proven track record of implementing a wide range of initiatives that help female employees reach their full potential. The company has also clarified its objectives through to FY2020. In this manner, positive steps are being taken to provide an environment in which employees with diverse values can maximize their capabilities.

President and CEO of Daiwa Securities Group Inc., has shown his support for the Declaration on Action by A Group of Male Leaders Who Will Create a Society in which Women Shine spearheaded by Japan's Gender Equality Bureau of the Cabinet Office.

Targets for Years through FY2020 (Daiwa Securities)

- Ratio of women in managerial positions:
At least 15%, more than a fivefold increase from the FY2005 level
- Ratio of women in new graduates recruited: 50% (stable)
- Ratio of women in participants in training: 50%
- Acquisition rate of annual leave: at least 70%
- Acquisition rate of childcare leave for male employees: 100%

Number of female executives

- Daiwa Securities Group Inc.

2 people

(directors and corporate executive officers)

- The entire Group

7 people

(directors, corporate executive officers, and executive officers)

Number of women in managerial positions

- The entire Group

316 people

(As of March 31, 2016)

Ratio of women in managerial positions

- Daiwa Securities

2.3% (At the end of March 2005)

→ **8.9%** (At the end of March 2016)

- The entire Group

2.2% (At the end of March 2005)

→ **7.5%** (At the end of March 2016)

Refer to "CSR Related Data" on page 66 for "Employee Support Plans"

Daiwa Woman's Forum



● Initiatives to Improve Employee Health

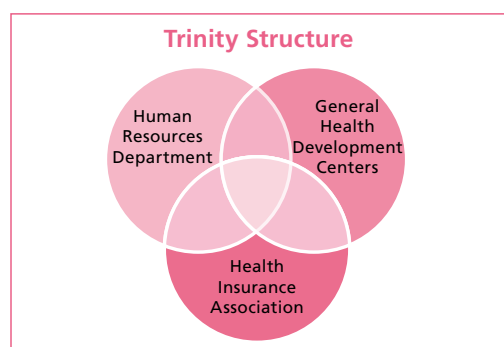
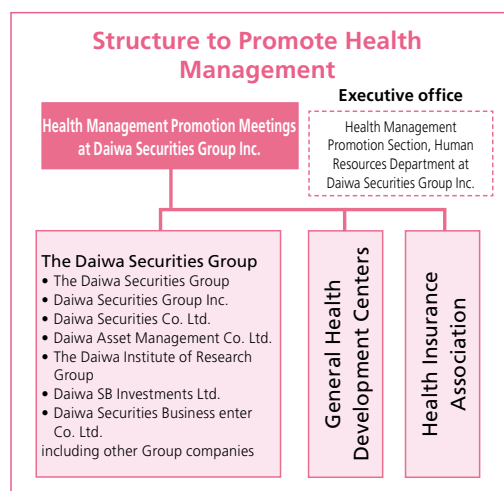
At the Daiwa Securities Group, we regard placing importance on personnel as one of our Corporate Principles, and believe the source of our competitiveness lies in the capabilities of our employees. We recognize that creating an environment where employees can continue working actively and vigorously over a long period brings improvement in corporate value, and thus we are actively working on health management. Our Human Resources Departments, Health Insurance Association, and occupational health staff collaborate closely to promote relevant measures. The Daiwa Securities Group has been working hard to improve employees' health since specific health checkups and specific counseling guidance were initiated at worksites in 2008. We have started various initiatives and activities to raise employees' awareness, with the top priority placed on measures for those who have a high risk of lifestyle diseases. As a result, the Group was selected for two consecutive years as "Health & Productivity Stock Selection," a title awarded jointly by Japan's

Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to companies promoting the health of their employees. This underscores the fact that our efforts are highly regarded by society.

⇒ Refer to "Third-Party Evaluations" on page 55 for details.

Our initiatives for FY2015 include the appointment of Chief Health Officer (CHO) in October to reinforce the Daiwa Securities Group's structure to promote health management as well as the establishment of Health Management Promotion Meetings, which are held across the Group. We also published and released "Daiwa Securities Group White Book on Health" for the first time ever in Japan. This book is designed to help employees to understand the results, issues, and policy of each measure and efficiently use our system.

We have conducted research on health management jointly with the University of Tokyo since 2014 and will work on higher levels of initiatives in the future.



Initiatives for Better Health

- Regular health checkup
- Thorough medical examination (to supplement standard tests)
- Breast cancer and cervical cancer exams
- System that uses a follow-up confirmation form (known as a "yellow paper"*)
- Smoking cessation support
- Walking challenge program
- Program to promote moderate meal portions
- Lecture on health literacy
- Communication of health-related information to all Group employees
- Influenza vaccination
- White Book on Health
- Measures for those with severe diseases
- Action to promote countermeasures against cancer

*System to urge employees to see doctors after their regular health checkups. Employees receiving this form are required to obtain a doctor's comment within two weeks and submit it to us. This has contributed to a higher rate of visits to medical institutions after checkups. We have almost a 100% visit rate for employees who can see doctors.

Rate of participation in regular health checkups

Close to **100%**

•Rate of participation in thorough medical examinations (mainly cancer screening for employees aged 35 years or older)

FY2008 **69.4%**



FY2015 **83%**

Number of participants in the FY2015 walking challenge

2,104 people in total
(Events held twice in the year)

Health & Productivity Stock Selection 2016



Health Management Promotion Meeting



● Initiatives for Mental Health

The Daiwa Securities Group's Health Support Promotion Department was established in August 2006 to help employees maintain and manage their mental and physical health. The Health Support Promotion Department has two certified clinical psychologists on its staff to provide consultations to support Group employees, as well as to their families. We have also established arrangements with outside specialists so that they receive prompt attention.

We also arrange for occasional talks in all branches and departments to broaden awareness of mental health issues as a part of our strong support for employees' mental health.

Communication

● Communication with Employees

We believe that good communication with employees is vital for a better workplace environment. Our communications programs include regular interviews by the Human Resources Department and semiannual self-assessment questionnaires. We also regularly conduct questionnaires on work-life balance to all employees, and conduct interviews with employees returning from childcare leave after some time has passed in an effort to resolve any worries. This unfiltered input from employees helps us re-examine our programs and enhance ongoing improvement efforts.

● Communication among Employees

In October 2007, Daiwa Securities introduced a program for supporting club activities. This program was created to help employees enjoy their time off and to deepen their friendships with colleagues, building more opportunities to share a sense of camaraderie and solidarity. It is also intended to support work-life balance and facilitate a fuller social life for employees. The program was expanded and enhanced in FY2009. Under this program, employee groups that meet certain conditions are recognized as Daiwa Clubs or Daiwa Circles, which receive subsidies to cover some of their activity costs. As of March 2016, 18 clubs and 4 circles are active across the Group.

● Relationship with Employee Unions

We regularly hold labor-management negotiations on bonuses and other compensation and the working environment, while increasing opportunities to learn the opinions of our employees through questionnaires conducted by employee unions among their members for better mutual understanding.

● Initiatives for Families

We work to ensure that members of employees' families share their pride to be part of the Group.

Since FY2008, we welcome employees' families to the workplace on Family Visit Day to give family members a better understanding of our company and the employees' jobs.

Other initiatives for supporting our employees' families include the creation of kid's ceremony leave and family day leave and the extension of mental health support to employees' families.

● Active Use of In-House Magazine

The Daiwa Securities Group issues an in-house magazine, "*Fuji*," whose history dates back to 1925, when one of the company's predecessors, Fujimoto Bill Broker Bank, commenced its publication. The magazine has been praised even outside of the Group for its roles as a communication tool among employees. We currently distribute 18,000 copies of *Fuji* every other month to Group executives and employees, their families and retirees. We also post the magazine on our WLB promotion website for employees so that those on leave for child rearing or nursing care can read it at home.

The magazine covers a wide range of topics beyond management and personnel information. It also introduces initiatives taken by Group companies and posts serial articles on the Group's history, human rights issues, ESG, mental and physical health, laws and hobbies. Executives and employees also contribute articles to the magazine.

Refer to "CSR Related Data" on page 67 for "Number of Employee Union Members"

Number of Family Visit Day participants

5,675 people

(FY2015)

Family Visit Day



Engagement with Society

Approach and Basic Stance

The Daiwa Securities Group considers it important to work together with NPOs and NGOs as a good corporate citizen engaging in consistent collaboration with the local community to foster sustainable development.

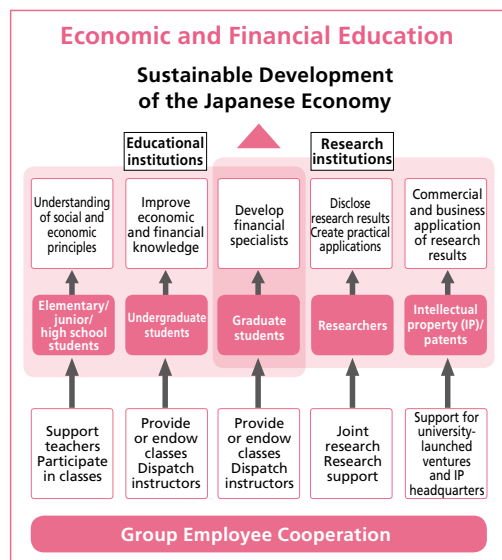
Our activities can be categorized into the following four key fields.

1. Education and research activities in economics and finance
2. Assistance to communities inside and outside of Japan through foundations and NPOs
3. Support for culture and the arts
4. Corporate citizenship activities

Education and Research Activities in Economics and Finance

Capitalizing on financial and economic expertise accumulated through its securities business, the Daiwa Securities Group engages in business-academia collaborations and supports programs for junior and senior high school students as well as teachers. We believe that economic and financial education is important in helping young people develop the capacity to build their own lives and shape the future world.

⇒ Refer to “CSR Related Data” on page 67 for “Results in Economic and Financial Education”



● Support for KidZania

The Daiwa Securities Group is a supporter of KidZania, a theme park designed to offer work experiences to children, and has been providing support to the facilities in Tokyo and Koshien (Hyogo Prefecture) since they opened. In the Daiwa Securities pavilions, children act as consultants, giving advice to client investors at a securities company, going to nearby pavilions, and conducting interviews to check their levels of traffic and popular products. Based on the results of the interviews, they then select where to invest and make investment recommendations for their customers.

● Finance Park

The Daiwa Securities Group cooperates with Finance Parks operated by Junior Achievement Japan. This program provides opportunities for junior high school students to learn economic and financial mechanisms that will be necessary for them in their adult life.

Finance Parks have been operating in Shinagawa, Tokyo and Kyoto since 2005 and in Iwaki, Fukushima Prefecture and in Sendai, Miyagi Prefecture since 2014. We have set up pseudo-branches in these parks. To date, a total of 74,532 students have participated.

● Initiatives for Economic and Financial Education toward Junior and Senior High School and College Students

● For Junior High School Students

In October 2015, the Corporate Communication Department of Daiwa Securities Group Inc. conducted

Refer to “CSR Related Data” on page 67 for “Corporate Citizenship Initiatives and Expenditures”

Number of participants in Finance Parks for FY2015

15,362 people

Shinagawa: 1,660

Kyoto: 6,178

Iwaki: 3,771

Sendai: 3,753

(on an application basis; surveyed by Junior Achievement Japan)

KidZania Tokyo



Finance Park (Sendai)



a class on the theme of the structure of stock companies and the role of securities firms in Kamakura City. In addition, in November we conducted a class entitled "Introduction to the Securities Analyst" three times in KidZania, which we support.

● For Undergraduate Students

The Head Office of Daiwa Securities held a 14-week endowment class every Thursday from October 2015 to January 2016. In December, the Mito branch of Daiwa Securities provided a class on the theme of a securities company's business and the current conditions of the securities industry, as part of a course on the basic theory of finance.

● Support for Economic and Financial Education Using the *Okane-no-Mikata* Website

Refer to "Open Website to Learn Finance and Economy for Junior and Senior High School Students" on page 15.

● Donation of Educational Books on the Economy

In FY2014, as a measure for economic and financial education, Daiwa Securities started donating a book entitled "Economic Puzzle Sleuths: Understanding the True Meaning of Money" (written by Susumu Okano, Senior Executive Managing Director at Daiwa Institute of Research). The book was presented mainly to elementary schools in regions damaged by the 2011 Great East Japan Earthquake. In FY2015, we expanded the scope of our donations, providing the book to 20,174 elementary schools across Japan in locations other than disaster-stricken areas, as well as to school boards. Moreover, we donated a book entitled "Economics American High School Students Learn" (Japanese translation of "Economics: Principles & Practices" translated by Sachiko Hanaoka, Managing Director of the Investment Strategy Department of Daiwa Securities) to 4,973 high schools nationwide (1,313 private schools and 3,660 public schools).

Assistance to Communities Inside and Outside of Japan through Foundations and NPOs

● Daiwa Securities Health Foundation

The Daiwa Securities Health Foundation was established in October 1972, in commemoration

Lecture at a college



of Daiwa Securities' 30th anniversary, to support medical research. Since 1973, the year following its establishment, the Foundation has supported outstanding research projects focusing on improving medicine and medical care for middle-aged and elderly people. It has recently expanded the scope of its support to research projects on health, welfare, and nursing care.

● Daiwa Securities Foundation

In March 1994, the Daiwa Securities Foundation was launched in commemoration of the 50th anniversary of Daiwa Securities' establishment in order to make a contribution to society from our profits. Since its establishment, the Foundation has provided grants every year to organizations and groups engaging in support activities for the elderly, people with disabilities, and children, and other volunteer work of high social significance.

Since FY2011, the Foundation has also provided grants every year to organizations and groups involved in volunteer work that assists victims of the 2011 Great East Japan Earthquake.

● Daiwa Anglo-Japanese Foundation (Chartered in the United Kingdom)

The Daiwa Anglo-Japanese Foundation is a UK charity established in 1988 in part with contributions from Daiwa Securities, for fostering closer ties between the United Kingdom and Japan.

Principal activities include:

- (1) Awarding grants to individuals, institutions, and organizations working to promote ties between the United Kingdom and Japan
- (2) Enabling British and Japanese students and academics to further their education by providing opportunities for joint research and supporting exchanges and other bilateral initiatives
- (3) Awarding Daiwa Scholarships for British graduates to study Japanese and undertake work assignments in Japan
- (4) Organizing a year-round calendar of events to improve understanding of Japan in the United Kingdom.

The Foundation's Tokyo office provides local assistance to Daiwa Scholars (students from the United Kingdom), administers grant applications from Japan and collaborates with other institutions promoting Anglo-Japanese relations.

Presentation ceremony for the Tokyo region (Daiwa Securities Foundation)



Daiwa Securities Health Foundation's cumulative grants awarded through FY2015



*Number of recipients

1,163 people

*Total amount of grants

¥1.1480 billion

Daiwa Securities Foundation's cumulative grants awarded through FY2015



Volunteer Activities Grants

*Number of projects receiving grants

3,012

*Volunteer Activities Grants

¥690.85 million

Grants to volunteer work for disaster recovery (the Great East Japan Earthquake)

*Number of projects receiving grants

213

*Total amount of grants

¥92.34 million

Grants to research projects on volunteer work

*Number of projects receiving grants

29

*Total amount of grants

¥25.36 million

Media reports concerning grant activities

*Daiwa Securities Health Foundation

7 newspapers

*Daiwa Securities Foundation Grants to volunteer work for disaster recovery (the Great East Japan Earthquake)

12 newspapers

Grants to volunteer work

48 newspapers and TV stations

(Surveyed by the Daiwa Securities Health Foundation and the Daiwa Securities Foundation)

Daiwa Anglo-Japanese Foundation Cumulative number of people completing the Daiwa Scholar program by FY2015



159 people

Web

Daiwa Securities Health Foundation (Japanese)

Web

Daiwa Securities Foundation (Japanese)

Web

The Daiwa Anglo-Japanese Foundation

Daiwa Scholarships in Japanese Studies was also established in 2015 as a scholarship program for studies on Japan and Japanese language training. This is a program in which the Daiwa Securities Group funds individuals from the United Kingdom for tuition and living expenses for graduate school.

Moreover, the Daiwa Ichiban Lectures, a new series of annual lectures, began in collaboration with the British Embassy in October 2015. Sir Paul Nurse, a Nobel Prize winner, was the first speaker, delivering a lecture titled "Trust in Science." In November, we also granted the Daiwa Foundation Art Prize, designed to provide an opportunity for British artists to hold a solo exhibition in Japan if they have never done so before. This time, we invited British artist Oliver Beer and held a welcome party at the British Embassy.

● Daiwa Myanmar-Japan Foundation

On April 1, 2013, the Daiwa Securities Group established the Daiwa Myanmar-Japan Foundation to improve people's livelihood in Myanmar and to develop the human capital necessary for sustainable economic growth. The foundation focuses on training people who will carry key responsibilities in Myanmar's future capital markets by implementing a scholarship program that provides junior staff of the country's central government with opportunities to study in Japan. On December 2, 2013, the Foundation signed a memorandum of understanding with Myanmar Institute of Certified Public Accountants concerning cooperation in human resource development and has been helping with the training of public accountants in Yangon.

● Kopernik Program

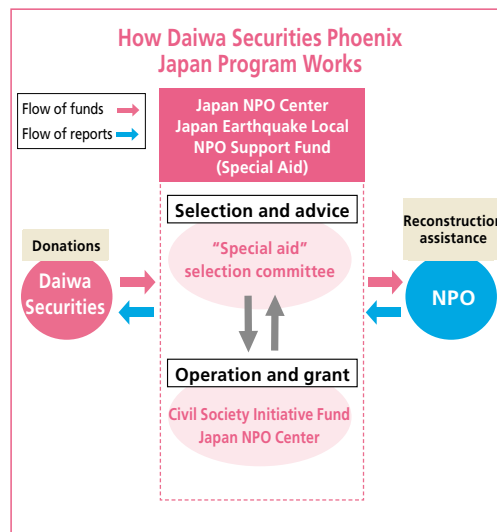
Since establishing the Kopernik program in FY2010, the Daiwa Securities Group has supported Kopernik, which engages in activities to help people in developing countries to improve their life and stand on their own feet. The organization has developed a structure to enable contributors to go online and donate to NPOs/NGOs in developing countries or areas of their own choosing by selecting needed products such as simple water purifiers and solar lamps. Kopernik shares details of recipient NPO/NGO activities supported by donations on its website to ensure transparency.

The program operates through donations from a portion of management fees from the Daiwa Eco Fund and Russell Global Environmental Technology Fund, with products and recipients selected based on their alignment with the principles of these funds.

As a new initiative for FY2015, Kopernik assembled residents in areas considered to be in need of support. The program also held a technology fair to give usage instructions for products and to explain their effects directly to local people. The event drew much attention, attracting participation from not only local residents but also government officials.

● Daiwa Securities Phoenix Japan Program

In May 2012, the Daiwa Securities Group established the Great East Japan Earthquake Relief Assistance program. The program donates a portion of management fees from the Daiwa Nippon Support Fund Vol. 3—Phoenix Japan and continues providing assistance to local NPOs through the Japan Earthquake Local NPO Support Fund (specified aid), which was set up by Japan NPO Center, a certified NPO. The program supports the human resources development of local NPOs. Their activities include educational assistance and reconstructing communities in the disaster-affected areas.



Contributions by Daiwa Myanmar-Japan Foundation

- Number of Myanmar citizens receiving scholarships **13 people**
- Number of participants in public accountant training in Myanmar **35 people**
(Cumulative contributions through FY2015)

Donations made to the Kopernik program for FY2015



¥4,814,011

(1) Region

East Flores, Indonesia

Items granted

Solar lamps, water purifiers, cooking stoves

(2) Region

Rural area of the Soppeng Regency of South Sulawesi Province, Indonesia

Items granted

Cooking stoves

(3) Region

Cambodia

Items granted

Technology fair

Amount of grants selected to FY2015 fourth-term program for Daiwa Securities Phoenix Japan Program



- Grant recipients **9 groups**

- Total amount of grants **¥36.80 million**

(including ¥2.5 million for joint research assistance)

The 25th term Scholars



Technology fair (Siem Reap, Cambodia)



Web

Kopernik Program (Japanese)

Web

Daiwa Securities Phoenix Japan Program (Japanese)

Dialogue with Stakeholders - Only Connect -

Five years have passed since the Great East Japan Earthquake which occurred on March 11, 2011. It has been pointed out that the disaster aggravated issues that many disaster-affected regions already faced, such as an aging population and depopulation. Meanwhile, the aging population presents challenges in many other parts of Japan, and is expected to also affect many other countries. The Daiwa Securities Group believes that efforts to address these social issues in the disaster-affected regions will have significant implications when considering broader social initiatives in the future.

In light of this view, the Group is identifying social challenges currently faced in the disaster-affected regions and considering what we can do for them through visits to the non-profit organizations (NPOs) active in disaster-affected regions to which Daiwa Securities Phoenix Japan Program has provided support, and dialogue at joint workshops under the Program.



Interaction at a joint workshop

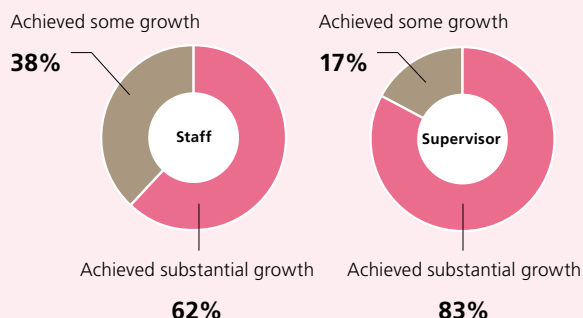


Photo with grant recipient groups

Major Opinions from NPO Staff and Organizations Receiving Support

In FY2015, we conducted a questionnaire of organizations receiving grants under the Daiwa Securities Phoenix Japan Program in order to reflect on the program, which has been implemented since 2012. The results of the questionnaire underscore the effectiveness of our grant program. We also learned that we are expected to provide support in leveraging the know-how we have accumulated through the Group's business activities.

Self-assessment in human resource development (growth realization comparison)



Excerpts of comments from the questionnaire

- We developed the ability to view things objectively and to think flexibly. We also learned more ways to collaborate with other groups and increased our sense of responsibility as an administrative office.
- Our planning and execution abilities have significantly improved.
- We were able to interact with groups facing the same issues as ours (through joint workshops under the program). Sharing common issues and holding discussions to resolve them were very meaningful.
- The program led to improvement in the abilities of not just individuals, but the entire group.

Initiatives to Be Taken by the Daiwa Securities Group

In FY2014, in light of feedback from people involved in NPOs, we revised the support target of the program to groups assisting efforts to solve the regional issues that became evident following disasters. We now award grants by focusing on activities in two fields: support for socially vulnerable disaster victims to rebuild their lives and support for reconstruction of towns aimed at rebuilding safe and secure residences and living bases.

We will also continuously hold joint workshops and increase opportunities to interview local people, thereby helping the groups receiving grants to solve the issues they face. Moreover, in order to assist efforts to revitalize regional economies, we will continue investing in unlisted companies in disaster-affected regions through a fund managed by Daiwa Corporate Investment.

⇒ Refer to "Initiatives through Business Activities" on page 24 for initiatives by Daiwa Corporate Investment

● Donation to Gunma Prefecture World Heritage and Gunma Silk Heritage Succession Fund

Tomioka Silk Mill and Related Sites in Gunma Prefecture were added to the UNESCO World Heritage List in 2014. Daiwa SB Investments launched Tomioka Silk Mill and Silk Industry Heritage Sites Preservation Activity Support Fund (nicknamed Gunma's Silk Heritage) to preserve the buildings for sericulture, silk reeling, and textile manufacturing that remain within the prefecture, as well as folk performing arts. We donated a portion of management fees from the fund.

The initiative jointly taken by investors, sales companies, and Daiwa SB Investments helps the project to pass on the value of Gunma's silk culture and silk industry, which led Japan's modernization, to future generations.

Support for Culture and the Arts

The Daiwa Securities Group provides support for a wide range of cultural and artistic activities, including art exhibitions, classic concerts, and sports. For example, we have been the special sponsor of the Mainichi Shimbun Central Contest for Book Review Painting, which aims to encourage reading and improve children's reading skills. In the contest, elementary pupils, junior and senior high school students express their impression and images from books they have read in paintings. The Group has also been supporting traditional activities, including sponsorship of title matches of both Shogi and Go: the Meijin Title Match (Shogi) and the Honinbo Tournament (Go).

In March 2015, the Group was selected in Health & Productivity Stock 2015 as a listed company proactively working to improve employees' health, and in 2016, we also started supporting the Tokyo Marathon as an official partner.

Corporate Citizenship Initiatives

The Daiwa Securities Group believes that participation in volunteer programs and other community actions by employees helps broaden their perspectives and familiarize them with different values. We consider that this, in turn, has a good influence on both their work and their lives. Through our intranet, we provide information on volunteer opportunities for projects planned by ourselves, other businesses and NPOs/NGOs as well as events that help educate employees and raise their awareness. We also strive to create an environment that makes it easy for employees to volunteer by setting up a recognition program, the Volunteer Award, among other incentives. In our work to encourage as many employees as possible to participate in volunteer activities, we will seek ongoing collaborations with external organizations, strengthen internal communications on volunteering

and volunteer opportunities and continue to pursue increased opportunities for employees to engage.

● Volunteer Activities by Employees

• The Hands-on Forest Experience 2015—

Environmental Maintenance for Sayama Hills

On April 18, 2015, 23 Group employees and their families participated in community forest preservation activities in Sayama Hills (Tokorozawa City, Saitama Prefecture). The participants first learned about the importance of community village preservation in a class provided in collaboration with the Totoro Fund, a public interest incorporated foundation. They later carried out thinning work in areas crowded with bamboo, and tried bamboo shoot digging. The areas were turned into a healthy bamboo forest which allows a adequate amount of sunlight in.

• International Cooperation through a Collection Drive

The Daiwa Securities Group has been running a collection drive as an initiative that is easy for employees to take part in. Pre-loved books and unusable postcards are collected and donated to three groups: JEN BOOK MAGIC, Japan Committee "Vaccines for the World's Children," and Live with Friends on the Earth. Items collected are sold by them to fund their activities, including support for education, medical services and agricultural development assistance in developing countries. We will continue the activity as its accessibility makes it quite popular among our employees.

• TABLE FOR TWO (TFT) Program

Since the spring of 2013, the Daiwa Securities Group has contributed to the TFT Program, which is organized by TABLE FOR TWO, an internationally designated NPO. Under the program, a portion of revenue from purchases of food and drink by Group officers and employees is donated to pay for school lunches in developing countries. In 2015, we also started selling another charity product, "Biscotti," at in-house cafes to raise employees' awareness of the program and expand their chances for participation.

Environmental maintenance at Sayama Hills



Amount of donations to Gunma Prefecture World Heritage and Gunma Silk Heritage Succession Fund

¥2.63 million

(Combined amount with donations from The Gunma Bank, Ltd., which also handles the fund)

(August 2015)

Culture and the Arts

• The Mainichi Shimbun Central Contest for Book Review Painting

Special sponsor for

22 years

Number of participant schools

6,678 schools

Total number of entries

635,263 entries

Number of exhibitions of winning works

9 sales branches

• Meijin Title Match (Shogi), Honinbo Tournament (Go)

Special sponsor for

12 years

Contribution made in FY2015 through collection drives (equivalent monetary value)



• JEN BOOK MAGIC

¥22,394

• Japan Committee "Vaccines for the World's Children"

¥215,965

• Live with Friends on the Earth

¥80,033

TFT Program Contributions made January–December, 2015



Around 22,300 school lunches

in developing countries

(Calculated on the assumption that one meal costs ¥20)

● Initiatives at Sales Branches of Daiwa Securities

Daiwa Securities' 144 sales branches nationwide engage in a variety of activities contributing to local communities.

For example, in FY2015, the Ikebukuro branch participated in an activity to clean up surrounding sidewalks. As part of efforts to help regional invigoration, the Tokushima branch participated in the Awa Odori dance festival, while the Tokorozawa branch danced to Japanese traditional folk songs in the Tokorozawa festival. The Tokuyama branch offered drinking water for disaster relief to areas where water supply was suspended due to heavy snow that hit Yamaguchi Prefecture in January 2016. We are also involved in many other similar activities.

● Initiatives Taken by the Group's Overseas Offices

● Initiatives Taken by the Group's London Operational Base

Daiwa Capital Markets Europe operates The Daiwa Society, a program led by voluntary members, and engages in various support activities (e.g. Jeans Day, New Charity Nominations Day, Quiz Night, Bake & Book Sale).

● Initiatives Taken by the Group's Hong Kong Operational Base

Daiwa Capital Markets Hong Kong operates "First Class," a CSR program that was established by voluntary members in FY2012.

In FY2015, the panel running the program assisted TKL School (Ta Ku Ling Ling Ying Public School) in new construction of an English classroom by providing equipment for the classroom, while offering backpacks and stationery. In October, voluntary members, including executives, visited the school and participated in the opening ceremony of the classroom. The company will continue planning a wide range of CSR activities requiring directly involvement of its employees in order to increase its team spirit and solve social issues.

● Initiatives Taken by the Group's New York Operational Base

Daiwa Capital Markets America (DCMA) has a Charity Friday once a month, allowing employees who make a donation to wear jeans to work on the day. DCMA also matches these donations. The total donations are given to groups engaging in support activities for children, poverty, and education.

DCMA has also cooperated with New York Blood Center (NYBC), one of the largest blood collection organizations in the United States, participating in blood donation for more than a decade. DCMA will continue working to solve social issues.

● Initiatives Taken by the Group's South Korea Operational Base

In FY2015, Daiwa Securities Capital Markets Korea solicited volunteers and staged the "Love Noodle" fair at the Korean National Red Cross for elderly people living alone. The fair was designed to cheer up elderly people living by themselves in South Korea, where the number of nuclear families has recently been increasing. The event was well received, while providing the company with a good opportunity to contribute to the local community.

By continuing its CSR activities, Daiwa Securities Capital Markets Korea will strive to contribute widely to the Korean society.

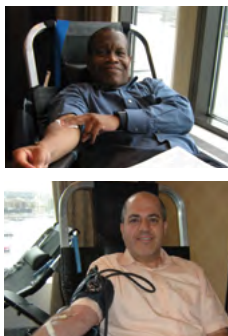
Clean-up activity by the Ikebukuro branch of Daiwa Securities



Initiative in Hong Kong (FIRST CLASS)



Initiative in New York (blood donation activity)



Initiative in South Korea (Love Noodle fair)



Charity Friday at DCMA

(Results for FY2015)

• Number of times held

12

• Amount contributed by employees

\$8,917

• Total contribution

\$17,500

(Total amount includes matched donation from DCMA)

● Initiatives to Promote Volunteer Activities

● Volunteer Award

Daiwa Securities has the President's Awards program to recognize outstanding achievements by employees. As part of the program we introduced the Volunteer Award in FY2007, which is given twice a year to employees and groups involved in volunteer initiatives and activities that provide ongoing support to communities.

● Dissemination of Information through the Internal Network

The Daiwa Securities Group provides a wide range of information on volunteer programs within the Group through our intranet, believing that volunteer activities help broaden the perspectives of employees and provide benefits by making them aware of various social issues. We introduce the best practices from such volunteer work, through our in-house magazine and internal TV broadcasts in an effort to expand the range of volunteer activities.

● Donation of Shareholder Reward Items

Daiwa Securities Group Inc. implements a shareholder reward program. Alongside with carrying out this program, we donate items returned to us due to relocation or other reasons, to organizations such as designated NPOs and public interest incorporated foundations as well as items received for our shareholdings in other companies.

To expand our support to regions damaged by the 2011 Great East Japan Earthquake, we also started contributing to groups supporting disaster victims in FY2015 through the Reconstruction Agency's disaster relief network operations.



Volunteer Award

● Disaster Assistance

● Donations for Victims of Nepal Earthquake

Daiwa Securities Group Inc. made a donation through Japan Platform, a certified non-profit organization, to support the victims of the massive earthquake that struck Nepal in April 2015.

● Donations for Victims of Heavy Rain Caused by Typhoon No. 18 of 2015

We made a donation through Central Community Chest of Japan, a social welfare corporation, to support the victims of Typhoon No. 18 that occurred in September 2015.

An Event for Tasting Seasonal Food and Learning about Fukushima

Supporting Areas Affected by the Great East Japan Earthquake

Daiwa Securities Group held an event in September 2015 as a part of efforts to support areas affected by the Great East Japan Earthquake. At this event, participants could taste famous products from Fukushima Prefecture and learn about initiatives related to reconstruction in disaster-affected regions.

The event, aimed at employees, offered a chance to experience the appeal of Fukushima Prefecture. With the cooperation of local NGO "Bridge for Fukushima," the event introduced initiatives taking place in Odaka District, Minamisoma City, and the activities of agricultural and fishery business affected by the disaster.

26 employees participated



Seasonal food tasted



Contribution for victims of Central Nepal Earthquake of 2015

¥10 million










Contribution for victims of heavy rain caused by Typhoon No. 18 of 2015

¥10 million





Third-Party Evaluations

Name	Evaluation
Dow Jones Sustainability Asia Pacific Index 	<p>The Dow Jones Sustainability Indices (DJSI) are a stock index of companies with sustainable practices selected by Dow Jones & Company, Inc. of the United States and RobecoSAM AG of Switzerland. Daiwa Securities Group Inc. has been included in DJSI Asia Pacific for seven consecutive years. Since DJSI World was launched in 1999, it has continually been included in DJSI.</p>
FTSE4 Good Index 	<p>FTSE is a subsidiary of the London Stock Exchange. It develops global indexes and provides data for investment. Daiwa Securities Group Inc. has been included in the FTSE4Good, an index of socially responsible companies compiled by FTSE, for eleven consecutive periods since September 2006.</p>
Nadeshiko Brand 	<p>Daiwa Securities Group Inc. was selected as a “Nadeshiko Brand” for two consecutive years in FY2015 and FY2016. This title is awarded by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to the latter’s listed companies for having excellent track records in empowering women at their companies.</p> <p>We are recognized highly for our efforts to establish specific targets for the promotion of support of female employees and work-life balance, as well as for building an environment where individuals with diverse values can maximize their abilities.</p>
Health & Productivity Stock Selection 	<p>Daiwa Securities Group Inc. was selected as “Health & Productivity Stock Selection,” a title awarded jointly by Japan’s Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to companies promoting the health of their employees.</p> <p>We engage in various initiatives to improve employees’ health under close collaboration between our Human Resources Departments, Health Insurance Association, and occupational health staff. The initiatives recognized include a system to urge employees with problematic results to see doctors after their regular health checkups, measures against lifestyle diseases, smoking cessation support, and health support for female employees.</p>
“Platinum Kurumin” —Certified as a Family-Friendly Employer 	<p>The certified family-friendly employer logo (nicknamed “Kurumin”) shown is the certification symbol for family-friendly employers provided by Japan’s Ministry of Health, Labour and Welfare based on the Act on Advancement of Measures to Support Raising the Next Generation of Children. In addition to Daiwa Securities Group Inc. obtaining certification as a family-friendly employer on June 9, 2008. Daiwa Securities, Daiwa Institute of Research Holdings, Daiwa Institute of Research, Daiwa Institute of Research Business Innovation, and Daiwa Securities Business Center have also been certified.</p> <p>Moreover, as of March 11, 2016, Daiwa Securities and Daiwa Securities Business Center were certified as especially excellent companies among the Certified Family-friendly Employers that have implemented higher levels of initiatives.</p>
“Tomonin” —Logo for Promoting the Provision of Working Environment Favorable for Balancing Work with Long-Term Care 	<p>The Daiwa Securities Group has continuously built a working environment where employees can find it easy to use work-life balance support programs in an effort to help them to continue working while balancing work and nursing care.</p> <p>The Ministry of Health, Labour and Welfare conferred the logo (nicknamed “Tomonin”) to us for promoting the provision of a working environment favorable for balancing work with long-term care.</p>
GRESB 2015 “Green Star” 	<p>For four consecutive years, Daiwa Office Investment Corporation, a REIT managed by Daiwa Real Estate Asset Management, received the highest recognition, the Green Star, in the Global Real Estate Sustainability Benchmark (GRESB) Survey.</p>

GRI Index

In compiling the Daiwa Securities Group Sustainability Report 2016, reference was made to Global Reporting Initiative (GRI) Guidelines (4th Edition).

Clauses	Indicator	Link
General Standard Disclosures		
Strategy and Analysis		
G4-1	Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Message from Management/Integrated Report 2016
G4-2	Key impacts, risks, and opportunities	Message from Management/Initiatives through Business Activities/Integrated Report 2016
Organizational Profile		
G4-3	Name of the organization	Daiwa Securities Group Profile
G4-4	Primary brands, products, and services	Daiwa Securities Group Profile/Initiatives through Business Activities (Provision of Quality Service to Customers)
G4-5	Location of organization's headquarters	Daiwa Securities Group Profile
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Daiwa Securities Group Profile
G4-7	Nature of ownership and legal form	Daiwa Securities Group Profile
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Daiwa Securities Group Profile
G4-9	<ul style="list-style-type: none"> Scale of the organization 	Daiwa Securities Group Profile
G4-10	<ul style="list-style-type: none"> Total number of employees by employment contract and gender Total number of permanent employees by employment type and gender Total workforce by employees and supervised workers and by gender Total workforce by region and gender Whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors Any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries) 	CSR Related Data
G4-11	Percentage of total employees covered by collective bargaining agreements	Relationship with Employees (Relationship with Employee Unions)
G4-12	The organization's supply chain	CSR of the Daiwa Securities Group/Risk Management
G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	Daiwa Securities Group Profile
Commitments to External Initiatives		
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	Compliance/Risk Management/IT Strategy and the Management of Systemic Risk
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	CSR of the Daiwa Securities Group/Initiatives through Business Activities (Role and Social Responsibilities of the Financial Services)
G4-16	<p>List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization:</p> <ul style="list-style-type: none"> Holds a position on the governance body Participates in projects or committees Provides substantive funding beyond routine membership dues Views membership as strategic <p>This refers primarily to memberships maintained at the organizational level.</p>	<p>Principal Member Qualification</p> <ul style="list-style-type: none"> Nippon Keidanren Japan Securities Dealers Association Work-Life Balance Promotion Model Project by the Ministry of Health, Labour and Welfare The Multi-Stakeholder Forum on Social Responsibility for a Sustainable Future PRI CDP Global Compact Network Japan Etc.
Identified Material Aspects and Boundaries		
G4-17	<ul style="list-style-type: none"> All entities included in the organization's consolidated financial statements or equivalent documents Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report 	Daiwa Securities Group Profile
G4-18	<ul style="list-style-type: none"> Process for defining report content and the Aspect Boundaries How the organization has implemented the Reporting Principles for Defining Report Content 	CSR of the Daiwa Securities Group (CSR Materiality of the Daiwa Securities Group)
G4-19	All the material Aspects identified in the process for defining report content	Not reported
G4-20	Aspect Boundary within the organization for each material Aspect	Contents/Editorial Policy

Clauses	Indicator	Link
G4-21	Aspect Boundary within the organization for each material Aspect	Contents/Editorial Policy
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	Contents/Editorial Policy
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Not applicable, because there have been no significant changes since the previous report
Stakeholder Engagement		
G4-24	List of stakeholder groups engaged the organization	CSR of the Daiwa Securities Group (Daiwa Securities Group Stakeholders)
G4-25	Basis for identification and selection of stakeholders with whom to engage	CSR of the Daiwa Securities Group (Daiwa Securities Group Stakeholders)
G4-26	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	CSR of the Daiwa Securities (CSR Promotion System)/Initiatives through Business Activities (Provision of Quality Service to Customers)/Relationship with Shareholders and Other Investors/Relationship with Employees/Engagement with Society
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns including through its reporting	Initiatives through Business Activities (Provision of Quality Service to Customers)/Relationship with Shareholders and Other Investors/Relationship with Employees/Engagement with Society
Report Profile		
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Editorial Policy
G4-29	Date of most recent previous report (if any)	Editorial Policy
G4-30	Reporting cycle (such as annual, biennial)	Editorial Policy
G4-31	Contact point for questions regarding the report or its contents	Editorial Policy
GRI Index		
G4-32	<ul style="list-style-type: none"> • "In accordance" option the organization has chosen • GRI Index for the chosen option • Reference to the External Assurance Report, if the report has been externally assured 	This table references GRI content
Assurance		
G4-33	<ul style="list-style-type: none"> • The organization's policy and current practice with regard to seeking external assurance for the report • Scope and basis of any external assurance provided if not included in the assurance report accompanying the sustainability report • Relationship between the organization and the assurance providers • Whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report 	Independent Assurance Report
Governance		
Governance Structure and Composition		
G4-34	Governance structure of the organization, including committees of the highest governance body	Corporate Governance
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	CSR of the Daiwa Securities Group (CSR Promotion System)
G4-36	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	CSR of the Daiwa Securities Group (CSR Promotion System)
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	Corporate Governance/Relationship with Employees (Communication)
G4-38	Composition of the highest governance body and its committees	Corporate Governance
G4-39	Whether the Chair of the highest governance body is also an executive officer	Corporate Governance
G4-40	Nomination and selection processes for the highest governance body and its committees	Corporate Governance
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Corporate Governance
Highest Governance Body's Role in Setting Purpose, Values, and Strategy		
G4-42	The highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	CSR of the Daiwa Securities Group (CSR Promotion System)
Highest Governance Body's Competencies and Performance Evaluation		
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	Not reported
G4-44	<ul style="list-style-type: none"> • Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics • Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics 	Not reported

Clauses	Indicator	Link
Highest Governance Body's Roles in Risk Management		
G4-45	<ul style="list-style-type: none"> The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities 	CSR of the Daiwa Securities Group (CSR Promotion System)
G4-46	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	CSR of the Daiwa Securities Group (CSR Promotion System)
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	CSR of the Daiwa Securities Group (CSR Promotion System)
Highest Governance Body's Roles in Sustainability Reporting		
G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered	CSR of the Daiwa Securities Group (CSR Promotion System)
Highest Governance Body's Roles in Evaluating Economic, Environmental and Social Performance		
G4-49	Process for communicating critical concerns to the highest governance body	Corporate Governance/Relationship with Employees (Communication)
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	Not reported
Remuneration and Incentives		
G4-51	Remuneration policies for the highest governance body and senior executives	Corporate Governance
G4-52	Process for determining remuneration	Corporate Governance
G4-53	How stakeholders' views are sought and taken into account regarding remuneration	Corporate Governance/Relationship with Employees (Communication)
G4-54	Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	Not reported
G4-55	Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	Not reported
Ethics and Integrity		
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Corporate Principles and Management Vision
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	Corporate Governance
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Corporate Governance

Specific Standard Disclosures

Disclosures on Management Approach		
G4-DMA	Why the Aspect is material	CSR of the Daiwa Securities Group (CSR Materiality of the Daiwa Securities Group)
Category: Economic		
Aspect: Economic Performance		
G4-EC1	Direct economic value generated and distributed	CSR Related Data/Integrated Report 2016
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Initiatives through Business Activities/Risk Management
G4-EC3	Coverage of the organization's defined benefit plan obligations	Integrated Report 2016
G4-EC4	Financial assistance received from government	Impact is insignificant
Aspect: Market Presence		
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Impact is insignificant, due to the nature of our business
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	Not reported

Clauses	Indicator	Link
Aspect: Indirect Economic Impacts		
G4-EC7	Development and impact of infrastructure investments and services supported	Initiatives through Business Activities (Support for the Creation of Our Future Society)/Engagement with Society (Assistance to Communities Inside and Outside of Japan through Foundations and NPOs)
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Not applicable
Aspect: Procurement practices		
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Impact is insignificant, due to the nature of our business
Category: Environmental		
Aspect: Materials		
G4-EN1	Materials used by weight or volume	Not applicable
G4-EN2	Percentage of materials used that are recycled input materials	Not applicable
Aspect: Energy		
G4-EN3	Energy consumption within the organization	CSR Related Data
G4-EN4	Energy consumption outside of the organization	CSR Related Data
G4-EN5	Energy intensity	CSR Related Data
G4-EN6	Reduction of energy consumption	CSR Related Data
G4-EN7	Reductions in energy requirements of products and services	CSR Related Data
Aspect: Water		
G4-EN8	Total water withdrawal by source	CSR Related Data
G4-EN9	Water sources significantly affected by withdrawal of water	Impact is insignificant
G4-EN10	Percentage and total volume of water recycled and reused	Not reported
Aspect: Biodiversity		
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Not applicable
G4-EN13	Habitats protected or restored	Not applicable
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Not applicable
Aspect: Emissions		
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	CSR Related Data
G4-EN16	Indirect greenhouse gas (GHG) emissions (scope 2)	CSR Related Data
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	CSR Related Data
G4-EN18	Greenhouse gas (GHG) emissions intensity	CSR Related Data
G4-EN19	Reduction of greenhouse gas (GHG) emissions	CSR Related Data
G4-EN20	Emissions of ozone-depleting substances (ODS)	Impact is insignificant
G4-EN21	NOx, SOx, and other significant air emissions	Impact is insignificant
Aspect: Effluents and Waste		
G4-EN22	Total water discharge by quality and destination	Impact is insignificant
G4-EN23	Total weight of waste by type and disposal method	CSR Related Data
G4-EN24	Total number and volume of significant spills	Not applicable
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention (2) Annex I, II, III, and VII, and percentage of transported waste shipped internationally	Not applicable
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	Not applicable
Aspect: Products and Services		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Environmental Initiatives
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Not applicable
Aspect: Compliance		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Not applicable

Clauses	Indicator	Link
Aspect: Transport		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Not reported
Aspect: Overall		
G4-EN31	Total environmental protection expenditures and investments by type	Not reported
Aspect: Supplier Environmental Assessment		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Not applicable
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Not applicable
Aspect: Environmental Grievance Mechanisms		
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Initiatives through Business Activities (Provision of Quality Service to Customers)/Corporate Governance
Category: Social		
Subcategory: Labor Practices and Decent Work		
Aspect: Employment		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	CSR Related Data
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Relationship with Employees (Striving to Create a Pleasant Working Environment)
G4-LA3	Return to work and retention rates after parental leave, by gender	Relationship with Employees (Striving to Create a Pleasant Working Environment)
Aspect: Labor/Management Relations		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Not reported
Aspect: Occupational Health and Safety		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Not reported
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Not reported
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Relationship with Employees (Striving to Create a Pleasant Working Environment)
G4-LA8	Health and safety topics covered in formal agreements with trade unions	Not reported
Aspect: Training and Education		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Not reported
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Relationship with Employees (Human Resource Development and Skill Enhancement)
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Relationship with Employees (Human Resource Development and Skill Enhancement)
Aspect: Diversity and Equal Opportunity		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	CSR Related Data
Aspect: Equal Remuneration for Women and Men		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Not reported
Aspect: Supplier Assessment for Labor Practices		
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Not applicable
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Not applicable
Aspect: Labor Practices Grievance Mechanisms		
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Corporate Governance
Subcategory: Human Rights		
Aspect: Investment		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	We have no operations in areas where there are special concerns about protection of human rights
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Human Rights Initiative
Aspect: Non-discrimination		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Not applicable
Aspect: Freedom of Association and Collective Bargaining		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Not applicable, due to the nature of our business

Clauses	Indicator	Link
Aspect: Child Labor		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Our business entails no risk of using child labor
Aspect: Forced and Compulsory Labor		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Our business entails no risk of using forced labor
Aspect: Security Practices		
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Impact is insignificant, due to the nature of our business
Aspect: Indigenous Rights		
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Not applicable
Aspect: Assessment		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Not reported
Aspect: Supplier Human Rights Assessment		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	We have no operations in areas where there are special concerns about protection of human rights
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Not applicable
Aspect: Human Rights Grievance Mechanisms		
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Initiatives through Business Activities (Provision of Quality Service to Customers)/Corporate Governance
Subcategory: Society		
Aspect: Local Communities		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Impact is insignificant, due to the nature of our business
G4-SO2	Operations with significant actual and potential negative impacts on local communities	Not applicable
Aspect: Anti-corruption		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Risk Management/IT Strategy and the Management of Systemic Risk
G4-SO4	Communication and training on anti-corruption policies and procedures	Compliance
G4-SO5	Confirmed incidents of corruption and actions taken	Not applicable
Aspect: Public Policy		
G4-SO6	Total value of political contributions by country and recipient/beneficiary	Not reported
Aspect: Anti-competitive Behavior		
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Not applicable
Aspect: Compliance		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Not applicable
Aspect: Supplier Assessment for Impacts on Society		
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Not applicable
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Not applicable
Aspect: Grievance Mechanisms for Impacts on Society		
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Initiatives through Business Activities (Provision of Quality Service to Customers)/Corporate Governance
Subcategory: Product Responsibility		
Aspect: Customer Health and Safety		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Not applicable, due to the nature of our business
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Not applicable, due to the nature of our business
Aspect: Product and Service Labeling		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Initiatives through Business Activities (Provision of Quality Service to Customers)
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Not applicable
G4-PR5	Results of surveys measuring customer satisfaction	Initiatives through Business Activities (Provision of Quality Service to Customers)

Clauses	Indicator	Link
Aspect: Marketing Communications		
G4-PR6	Sale of banned or disputed products	Initiatives through Business Activities (Provision of Quality Service to Customers)
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Not applicable
Aspect: Customer Privacy		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Not applicable
Aspect: Compliance		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Not applicable

Specific Standard Disclosures for the Financial Services Sector

Product and Service Impact Section			
DMA	FS1	Policies with specific environmental and social components applied to business lines	CSR of the Daiwa Securities Group (CSR Promotion System)
	FS2	Procedures for assessing and screening environmental and social risks in business lines	Not reported
	FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Compliance
	FS4	Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	CSR of the Daiwa Securities Group (CSR Promotion System)/Relationship with Employees (Human Resource Development and Skill Enhancement)
	FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	Initiatives through Business Activities (Provision of Quality Service to Customers)/ Relationship with Shareholders and Other Investors
Aspect: Product Portfolio			
FS6		Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	Daiwa Securities Group Profile/Integrated Report 2016
FS7		Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Initiatives through Business Activities (Initiatives through Product Development and Provision) (Support for the Creation of Our Future Society)
FS8		Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Initiatives through Business Activities (Initiatives through Product Development and Provision) (Support for the Creation of Our Future Society)
Aspect: Audit			
DMA	FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	Corporate Governance
Aspect: Active Ownership			
FS10		Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Not reported
FS11		Percentage of assets subject to positive and negative environmental or social screening	Initiatives through Business Activities (Role and Social Responsibilities of the Financial Services)
DMA	FS12	Voting policy(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	Initiatives through Business Activities (Role and Social Responsibilities of the Financial Services)
Social Section			
Aspect: Local Communities			
FS13		Access points in low-populated or economically disadvantaged areas by type	Not applicable
FS14		Initiatives to improve access to financial services for disadvantaged people	Initiatives through Business Activities (Provision of Quality Service to Customers)/Engagement with Society (Assistance Inside and Outside of Japan through Foundations and NPOs)
Aspect: Product and Service Labeling			
DMA	FS15	Policies for the fair design and sale of financial products and services	Initiatives through Business Activities (Provision of Quality Service to Customers)
	FS16	Initiatives to enhance financial literacy by type of beneficiary	Engagement with Society (Education and Research Activities in Economics and Finance)

ISO 26000 Index

In compiling the Daiwa Securities Group CSR Report 2016, reference was made to the core subjects of ISO 26000.

Core Subjects and Issues		
6.2 Organizational governance		Message from Management/CSR of the Daiwa Securities Group/Daiwa Securities Group Profile/Corporate Governance/Compliance/Risk Management
6.3 Human rights	Issue 1: Due diligence	Risk Management (Supply Chain Management, Human Rights Due Diligence)
	Issue 2: Human rights risk situations	We have no operations in areas where there are special concerns about protection of human rights
	Issue 3: Avoidance of complicity	Risk Management/Human Rights Initiative
	Issue 4: Resolving grievances	Corporate Governance
	Issue 5: Discrimination and vulnerable groups	Relationship with Employees (Hiring Initiatives)/CSR Related Data
	Issue 6: Civil and political rights	Relationship with Employees
	Issue 7: Economic, social and cultural rights	Relationship with Employees
	Issue 8: Fundamental principles and rights at work	Relationship with Employees
6.4 Labour practices	Issue 1: Employment and employment relationships	Daiwa Securities Group Profile/Relationship with Employees (Hiring Initiatives)/CSR Related Data
	Issue 2: Conditions of work and social protection	Relationship with Employees (Hiring Initiatives) (Striving to Create a Pleasant Working Environment)
	Issue 3: Social dialogue	Relationship with Employees (Communication)
	Issue 4: Health and safety at work	Not applicable
	Issue 5: Human development and training in the workplace	Relationship with Employees (Human Resource Development and Skill Enhancement)
6.5 The environment	Issue 1: Prevention of pollution	Not applicable
	Issue 2: Sustainable resource use	Environmental Initiatives/CSR Related Data
	Issue 3: Climate change mitigation and adaptation	Environmental Initiatives/Risk Management
	Issue 4: Protection of the environment, biodiversity and restoration of natural habitats	Engagement with Society (Corporate Citizenship Initiatives)/CSR Related Data
6.6 Fair operating practices	Issue 1: Anti-corruption	Risk Management/IT Strategy and the Management of Systemic Risk
	Issue 2: Responsible political involvement	Daiwa Securities Group Profile/CSR of the Daiwa Securities Group/Corporate Governance/Compliance/Risk Management
	Issue 3: Fair competition	Corporate Governance/Compliance
	Issue 4: Promoting social responsibility in the value chain	CSR of the Daiwa Securities Group/Environmental Initiatives
	Issue 5: Respect for property rights	Not applicable due to the nature of our business
6.7 Consumer issues	Issue 1: Fair marketing, factual and unbiased information and fair contractual practices	Initiatives through Business Activities (Provision of Quality Service to Customers)
	Issue 2: Protecting consumers' health and safety	Not applicable due to the nature of our business
	Issue 3: Sustainable consumption	Initiatives through Business Activities
	Issue 4: Consumer service, support, and complaint and dispute resolution	Initiatives through Business Activities (Provision of Quality Service to Customers)
	Issue 5: Consumer data protection and privacy	IT Strategy and the Management of Systemic Risk
	Issue 6: Access to essential services	Not applicable
	Issue 7: Education and awareness	Initiatives through Business Activities (Communication of Information of Analysis and Proposals about Economy, Society and Investment)/Engagement with Society (Education and Research Activities in Economics and Finance)
6.8 Community involvement and development	Issue 1: Community involvement	Message from Management/Initiatives through Business Activities (Support for the Creation of Our Future Society)/Engagement with Society (Corporate Citizenship Initiatives)
	Issue 2: Education and culture	Engagement with Society
	Issue 3: Employment creation and skills development	Initiatives through Business Activities (Support for the Creation of Our Future Society)
	Issue 4: Technology development and access	Initiatives through Business Activities (Support for the Creation of Our Future Society)
	Issue 5: Wealth and income creation	Initiatives through Business Activities (Initiatives through Product Development and Provision)/Engagement with Society (Assistance to Communities Inside and Outside of Japan through Foundations and NPOs)
	Issue 6: Health	Initiatives through Business Activities (Initiatives through Product Development and Provision)
	Issue 7: Social investment	Initiatives through Business Activities

CSR Related Data

Management Report

Compensation Paid to Directors and Corporate Executive Officers of Daiwa Securities Group Inc. in FY2015

Type of Officer	Total Amount of Compensation, Etc.	Total Amount of Compensation, Etc. by Type				Number of Executives
		Basic Compensation	Stock Options	Performance-Based Compensation	Lump-Sum Retirement Pay	
Directors	¥35 million	¥32 million	¥3 million	–	–	2 persons
Corporate Executive Officers	¥1,130 million	¥467 million	¥80 million	¥582 million	–	13 persons
External Directors	¥88 million	¥88 million	–	–	–	6 persons

*Six directors also served as corporate executive officers; their compensation is included under "Corporate Executive Officers"

Social Report

Companies covered by data

Consolidated: Entire Group (except for equity-method affiliates)

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

Eight Group companies: Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., Daiwa Asset Management Co. Ltd., Daiwa Institute of Research Ltd., Daiwa Institute of Research Business Innovation Ltd., Daiwa SB Investments Ltd., Daiwa Securities Business Center Co. Ltd., and Daiwa Corporate Investment Co., Ltd.

Two Group companies: Daiwa Securities Group Inc., Daiwa Securities Co. Ltd.

Employees at the Daiwa Securities Group (Consolidated)

(Unit: persons)

		As of March 31, 2015			As of March 31, 2016		
		Employees	FA*1	Temporary Employees	Employees	FA*1	Temporary Employees
Japan	Male	7,526	62	–	7,600	56	–
	(Career track*2)	7,103	–	–	7,196	–	–
	(Managers)	3,868	–	–	3,897	–	–
	Female	4,270	80	–	4,505	68	–
	(Career track*2)	2,712	–	–	2,975	–	–
	(Managers)	262	–	–	316	–	–
	Japan total	11,796	142	753	12,105	124	843
Overseas		1,528	–	94	1,472	–	97
Total		13,324	142	847	13,577	124	940

*The number of employees stationed overseas has been included in the "Overseas" category

*1 Financial advisors

*2 Including regional career-track employees and specialist

Number of New Graduates Recruited by the Daiwa Securities Group

(Unit: persons)

		April 2014	April 2015	April 2016
Career-track employees/regional career-track employees	Male	345	345	332
	Female	265	336	330
Total		610	681	662

*This data pertains to eight Group companies

Workforce Statistics

	FY2013	FY2014	FY2015
Average annual salary*1 (in ten thousand yen)	1,153	1,171	1,212
Average age (years old)	41.2	41.8	42.0
Average number of years of service (years)	14.8	15.3	15.4

*This data pertains to Daiwa Securities Group Inc. (including those who simultaneously work for Daiwa Securities)

*1 Average annual salary includes bonuses and other

Average Age

(Unit: years old)

	FY2013	FY2014	FY2015
Total	38.1	38.0	37.9
Male	39.4	39.4	39.5
Female	36.0	35.9	35.6

*This data pertains to Daiwa Securities

Average Number of Years of Service

(Unit: years)

	FY2013	FY2014	FY2015
Total	13.6	13.6	13.5
Male	15.0	15.0	15.1
Female	11.6	11.5	11.3

*This data pertains to Daiwa Securities

Re-Employment under the Daiwa Master System

(Unit: persons)

	FY2013	FY2014	FY2015
Number of employees hired under the Daiwa Master System	59	56	68

*This data pertains to Daiwa Securities

Employment Rate for Persons with Disabilities

(Unit: %)

	FY2013	FY2014	FY2015
Employment Rate for Persons with Disabilities	2.24	2.10	2.05

*This data pertains to Daiwa Securities

Achievements of Selected Participants in Management Training

(Unit: persons)

Daiwa Management Academy: Targeting department managers	FY2013	FY2014	FY2015
Number finishing program (cumulative)	314	335	358
Daiwa Leadership Program: Targeting deputy general managers	FY2013	FY2014	FY2015
Number finishing program (cumulative)	671	734	797

*This data pertains to 10 Group companies

Participants in Business Skill Training

(Unit: persons)

	FY2013	FY2014	FY2015
Number finishing program (cumulative)*1	3,464	3,949	4,392

*This data pertains to 8 Group companies

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

Number of Persons Earning Credentials*1

(Unit: persons)

Credentials	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Affiliated Financial Planner (AFP)	5,191	5,279	5,333
Certified Financial Planner (CFP®)*2	555	590	616
Chartered Member of the Securities Analysts Association of Japan (CMA)	1,461	1,504	1,525
Chartered Financial Analyst (USA credential)	44	50	57
TOEIC (730–990)	1,470	1,556	1,660
Overseas MBA program graduate, etc.	164	160	168

*1 This data pertains to 10 Group companies (according to filings by employees)

*2 This data pertains to Daiwa Securities

Successful Applicants in Internal Recruiting System

(Unit: persons)

Held	Positions Offered	No. of Applicants	No. of Successful Applicants
Cumulative from FY2000	M&A, SMA consultants, analysts, internal wholesalers, compliance, dealers, derivatives, traders, fund managers, principal finance specialists, venture capitalists, money managers, research, underwriting, sale, overseas, management consultant, individual and corporate sales, product development, proposals and planning, investment advisors, global trainees, etc.	983	155

*This data pertains to 10 Group companies

Working Hours and Paid Vacation Usage Rate

	FY2013	FY2014	FY2015
Annual regular working hours (hours)	1837.5	1845	1837.5
Average monthly overtime hours (hours) ^{*1}	27.2	28.2	24.0
Paid vacation usage rate (%) (including special summer vacation) ^{*2}	50	56	63

*This data pertains to 2 Group companies

*1 Figures indicate employees at the 2 companies who are members of the Daiwa Securities Group Employees' Union

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

Employee Welfare System Usage

(Unit: persons)

		FY2013	FY2014	FY2015
Number of employees taking childcare leave ^{*1}	Female	486	576	640
	Male	19	134	250
Number of employees taking nursing care leave	Female	10	6	4
	Male	0	1	2

*This data pertains to all consolidated Group companies

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

Employees Taking Childcare Leave and Other Related Plans

		FY2013	FY2014	FY2015
Percentage of employees taking childcare leave (%)	Female	100.0	99.3	100.0
	Male	1.6	41.9	73.1
Return to work rate for those taking childcare leave (%)	Female	90.0	93.2	92.5
	Male	100.0	100.0	100.0
Percentage of women working when their children turned one (%)		100.0	99.3	100.0
Short working hour system usage (persons)		147	180	249
Daycare subsidy usage (persons)		288	437	505

*This data pertains to Daiwa Securities

Main Initiatives for Work-Life Balance and Employee Support Plans

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 for marriage or childcare (The scope of eligibility for the program has been expanded since November 2015, from those returning to work within 5 years of their retirement to those within 10 years)
Job location change system	Offers a position in a new location when an employee must relocate after marriage or spouse's job transfer
Spouse work reassignment leave system	Employees may opt to take leave for a certain period (up to 5 years) in the event their spouses are reassigned to work in a location that is untenable for them to commute to work
Childcare leave	Employees can take childcare leave until the day before their child's third birthday
Childcare support leave	When employees' spouse gives birth or returns to work, leave may be taken (first two weeks of pay is guaranteed for childcare leave)
Life support paid leave	Employees can take up to 50 days' leave due to injury, disease, nursing care preparation, or infertility treatment, except when other types of leave are available, by accumulating expired paid leave
Short working hour system	Employees may reduce regular working hours to a minimum of 6 hours a day and leave the office early
Exemption from overtime work	Employees are exempt from overtime work until their children complete the third grade of elementary school
Restricted overtime work	Employees are exempt from overtime work exceeding a certain number of hours until their children finish elementary school
Daycare subsidy	The Group offers subsidies for daycare expenses until employees' child begins elementary school
Expanded leave system	The company encourages employees to take paid vacation and has introduced leave for marriage preparations, kid's ceremony leave to attend an entrance ceremony or other events, and family day leave to give employees a chance to spend quality time with their families
Expanded support for balancing work and nursing care	The company has established a class on support for balancing work and nursing care to help resolve employees' concerns for future nursing care
Nursing care leave	Employees can take leave up to 4 times for not more than 365 days per family member requiring care
Support after returning to work	Enables employees to return to work after a period of childcare leave. 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.

Female Employees and Managers at the Daiwa Securities Group

(Unit: %)

	End of FY2013	End of FY2014	End of FY2015
Percent of employees who are female (Consolidated)	35.6	36.1	37.2
Percent of employees who are female (Daiwa Securities only)	38.8	39.6	40.7
Percent of managers who are female (Consolidated)	5.4	6.3	7.5
Percent of managers who are female (Daiwa Securities only)	6.3	7.5	8.9

Women Newly Appointed to Managerial Positions

	FY2013	FY2014	FY2015
Number of women newly appointed to managerial positions (persons)	27	42	45
Total number of those appointed to managerial positions (persons)	156	156	166
Percent of managers who are female (%)	17.3	26.9	27.1

*This data pertains to Daiwa Securities

Number of Employee Union Members

	End of FY2013	End of FY2014	End of FY2015
Number of employees' union members (persons)	6,406	6,573	6,822
Ratio of employees who are employee union members (%)	63.1	63.1	64.2

*The data pertains to 8 Group companies, excluding Daiwa Asset Management, which has its own employee union, and Daiwa Property, which has no employee union

Corporate Citizenship Initiatives and Expenditures



(Unit: thousand yen)

Type of Activity	FY2013	FY2014	FY2015
1. Education and research in economics and finance	49,694	189,624	137,193
2. Assistance to communities inside and outside of Japan through foundations and NPOs	179,937	153,779	147,748
3. Support for culture and the arts	231,900	257,400	296,110
4. Corporate Citizenship Initiatives	1,790	5,476	2,706
Total	463,321	606,279	583,758

Results in Economic and Financial Education

(Unit: persons)

Program	FY2013	FY2014	FY2015
Support for Finance Park	8,138	11,847	15,362
	Cumulative number since the initiation of support (in September 2003)		74,532
Support for the Student Company Program	15	17	N/A
	Cumulative number since the opening (in June 2005)		221

Environmental Report

Companies covered by data

Energy Consumption, CO₂ Emissions, Clean Water Consumption (Domestic):

Domestic: We have incorporated figures on energy consumption and CO₂ emissions for the three companies having a reporting obligation under laws and regulations—Daiwa Securities, Daiwa Property, and Daiwa Institute of Research. Daiwa Institute of Business Innovation has also been included in the calculation in light of its significant impact on the Group's environmental burden. The data for Gran Tokyo North Tower, where the Daiwa Securities Group is based, includes data for Group companies other than those mentioned above.

Overseas: London, New York, Hong Kong, and Taiwan offices

Wastes: Gran Tokyo North Tower, Daiwa Yaesu Building, Toyochō Center Building, Daiwa Eitai Building, DIR Headquarters Building, and Osaka Branch Building of Daiwa Securities

Paper consumption: Gran Tokyo North Tower

Energy Consumption



Offices	Type	FY2014	FY2015
Domestic	Electricity (thousand kWh)	70,027	66,954
	Utility Gas (thousand Nm ³)	336	326
	Heavy oil (kL)	26.7	23.2
	Diesel fuel (kL)	0.09	0.09
	Gasoline (kL)	1,002	952

Offices	Type	FY2014	FY2015
Overseas	Electricity (thousand kWh)	8,892	7,526
	Utility Gas (thousand Nm ³)	—	94.6

Offices	Type	FY2014	FY2015
Total (Domestic and overseas)	Electricity (thousand kWh)	78,919	74,480
	Utility Gas (thousand Nm ³)	336	421
	Heavy oil (kL)	26.7	23.2
	Diesel fuel (kL)	0.09	0.09
	Gasoline (kL)	1,002	952

CO₂ Emissions(Unit: t-CO₂)

Offices	Type	FY2014	FY2015
Domestic	Electricity	33,936	30,717
	Utility Gas	759	745
	Heavy oil	72.3	62.7
	Diesel fuel	0.23	0.23
	Gasoline	2,325	2,208
	Total	37,092	33,733
	Scope 1	831	808
	Scope 2	33,936	30,717
	Scope 3	2,325	2,208

(Unit: t-CO₂)

Offices	Type	FY2014	FY2015
Overseas	Electricity	4,935	3,520
	Utility Gas	—	204

(Unit: t-CO₂)

Offices	Type	FY2014	FY2015
Total (Domestic and overseas)	Electricity	38,871	34,237
	Utility Gas	759	949
	Heavy oil	72.3	62.7
	Diesel fuel	0.23	0.23
	Gasoline	2,325	2,208
	Scope 1	831	1,012
	Scope 2	38,871	34,237
	Scope 3	2,325	2,208

Calculation Methods

Calculations have been made in accordance with methods stipulated in the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. In light of their relevance, figures for steam, cold water, and kerosene used at some offices are not included in calculations. There may also be discrepancies in the total amounts due to rounding.

A) Electricity

Domestic: We use the CO₂ emission factor (actual emission factor) for each electricity supplier.

Overseas: Figures for CO₂ emission factors in 2014 are those published for each country by the International Energy Agency. Figures for CO₂ emission factors for 2015 are the latest figures published by the local government or electricity provider.

B) Utility gas

Domestic: After consumption is calculated as the volume of gas at normal condition, each provider's CO₂ emission factor or calorific value and emission factor specified by law is used to calculate CO₂ emission.

Overseas: Same calculation method as above "Domestic" (calculated based on the calorific value and emission factor defined in the Act of Promotion of Global Warming Countermeasures). Data for FY2015 is included in calculations.

C) Heavy oil and diesel fuel

Calculated on consumption basis.

D) Gasoline

The fuel used in rental cars used as company cars. Categorized in accordance with the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain.

CO₂ Emissions per Employee (Domestic)

Offices	Type	FY2014	FY2015
Domestic	Per employee (t-CO ₂)	3.1	2.8
	Number of employees in Japan (persons)	11,938	12,229

*Data is excluded from the scope of independent assurances. Calculated based on CO₂ emissions in Japan and the consolidated number of employees in Japan.

Clean Water Consumption



Offices	Type	FY2014	FY2015
Domestic	Clean Water (thousand m ³)	118.9	117.7

*Clean water consumption for Tama Training Center has been retroactively calculated in 2014

Wastes

		FY2014	FY2015
Paper waste	Amount generated (t)	317.7	320.3
	Recycling rate (%)	93.0	93.6
Non-paper waste	Amount generated (t)	221.2	210.6
	Recycling rate (%)	51.7	53.8

*Calculated based on the Reuse Plan for Large-Scale Buildings used for business, as specified by each local government

Paper Consumption

	FY2014	FY2015
Amount used (t)	179.6	184.2

Environmental Accounting

Boundaries

Sales branches of Daiwa Securities and Group companies residing in Gran Tokyo North Tower

Environmental Preservation Cost^{*1}

(Unit: million yen)

Type	Description of Major Initiatives	FY2014		FY2015	
		Investment Amount	Cost	Investment Amount	Cost
Business area	Global environment preservation	Introduction and upgrading of energy-saving air conditioners	510.6	274.1	
		Power receiving and transforming facilities	139.6	802.6	
		Eco-car leasing fee (for five years)			308.0
	Resource recycling	Waste disposal cost ^{*2}	19.2		20.5
		Dissolution process cost ^{*3}	29.5		29.8
	Total	650.2	611.9	1,076.7	358.3
Management activity	Management of environmental data, etc.		2.0		2.0
Social activity	Environmental preservation, etc.		1.0		1.0
Total		650.2	614.9	1,076.7	361.3

*1 Other important facilities are partially included

*2 Daiwa Securities branches

*3 Gran Tokyo North Tower

Economic Effects Arising from Environmental Preservation Measures (Real Effects)

(Unit: million yen)

	FY2014	FY2015
Amount of cost reduced	72.3	36.4
Amount of revenue	0	0
Total	72.3	36.4

Report on Financial Capability

We report the deals we lead-managed by classifying them into items in an easy-to-understand way for our stakeholders in Japan in reference to the SASB's FN102-17.

☆**Industry Classification** ... Classified based on the Tokyo Stock Exchange's category of industry. Unlisted issuers are classified by Daiwa Securities Group Inc.

☆**Scope** ... Total amount of issues for which the Daiwa Securities Group served as lead manager.

For equity offerings, however, we include only the value of the Group's book-runner deals and exclude the tranches for which the Group did not serve as book runner.

☆**Figure** ... There may be discrepancies in total amounts due to rounding.

(Unit: billion yen)

Large Classification	Middle Classification	IPO	PO	CB	REIT (Equity)	Corporate Bond	Bond Issued by Government-Affiliated Special Corporation	Municipal Bond	Samurai Bond	Japan Housing Finance Agency (RMBS)
Fishery, Agriculture & Forestry	Fishery, Agriculture & Forestry									
Mining	Mining									
Construction	Construction		5.7			10.0				
Manufacturing	Foods	0.3				85.0				
	Textiles & Apparel									
	Pulp & Paper			30.0		10.0				
	Chemicals	86.5				80.0				
	Pharmaceutical					20.0				
	Oil & Coal Products									
	Rubber Products									
	Glass & Ceramic Products									
	Iron & Steel					70.0				
	Nonferrous Metals									
	Metal Products									
	Machinery	1.4		20.0		20.0				
	Electric Appliances			20.0		158.0				
	Transportation Equipment					20.0				
	Precision Instruments	4.5								
	Other Products		21.3							
Electric Power & Gas	Electric Power & Gas					295.0				
Transport & Information and Communications	Land Transportation					437.0				
	Marine Transportation									
	Air Transportation					16.0				
	Warehousing & Harbor Transportation Services					13.0				
	Information & Communication	3.7	6.1			500.0				
Commerce	Wholesale Trade	0.5	1.3			20.0				
	Retail Trade		32.7			5.0				
Finance & Insurance	Banks	481.5				145.0			1028.5	
	Securities & Commodity Futures					159.0				
	Insurance	116.2		30.0		150.0				
	Other Financing Business					395.0				
Real Estate	Real Estate	2.9	84.1	30.0		50.0				
Services	Services	558.7	200.7							
Nonclassifiable	Real Estate Investment Corporation				242.1	15.7				
	Public Entity						214.0	330.0	69.5	947.3
Total		1,256.2	351.9	130.0	242.1	2,673.7	214.0	330.0	1,098.0	947.3

Glossary

●Active Fund

In contrast to passive funds, which are managed to mirror certain indexes, active funds are investment trusts and other funds managed by a fund manager who makes decisions concerning the stocks, bonds, and other assets to invest in and the investment ratios based on investment policies

●AFP/CFP®

Certifications for financial planners. AFP is a certification in Japan, while CFP is a globally recognized credential.

●CDP

This project is an affiliation of institutional investors concerned about climate change who demand that companies disclose information about their stance on environmental problems and initiatives addressing such problems.

●Cluster Munitions

A bomb containing multiple bomblets in a large shell that acts as a container. One bomb causes explosions over a wide area, enlarging the scope of damage. It has also been indicated that dealing with multiple unexploded bomblets from cluster bombs presents difficulties.

●Color Universal Design

A method of design that takes into consideration the use of color so that information can be conveyed to more people, keeping in mind people with varied color perception

●Corporate Governance

The mechanism that allows for sound and efficient corporate management.

●Engagement

Dialogue and exchange of opinion between businesses and stakeholders

●Environmental Accounting

To quantify necessary investment in corporate activities and its effect in an effort to reduce the environmental load of those activities

●GRI

Global Reporting Initiative—An organization dedicated to proposing and promoting common international guidelines for sustainability reports

●HEMS

Energy management systems (EMS) for electricity, gas, and soon that use information technology. This term includes BEMS (Building EMS), HEMS (Home EMS), FEMS (Factory EMS), and CEMS (Community EMS).

●Hospitality

A spirit of selfless service for customers

●Human Rights Due Diligence

Verification performed to minimize adverse effects on human rights issues that could arise from business activities

●Impact Investment

A method of investment that, in addition to producing economic benefit, invests in assets with the intention of addressing social issues such as poverty and environmental problems

●ISO 26000

A worldwide standard that provides guidance for social responsibility of organizations

●LGBT

An initialism that stands for lesbian, gay, bisexual, and transgender

●Materiality

The themes and aspects companies particularly focus on over the long term in a wide range of corporate activities. It is recommended that companies issuing sustainability reports should select and announce them according to the type of business and risk. (Refer to "GRI Index")

●Microfinance

A form of financial services for people on low-income

●Nippon Individual Savings Account (NISA)

Dividends and capital gains from stocks, investment trusts, and other investments are subject to ordinary income tax and local taxes, but this program exempts dividends and capital gains from new purchases up to 1 million yen for a maximum of five years

●Principles for Financial Action toward a Sustainable Society (Principles for Financial Action for the 21st Century)

Aims to expand investment and financing with the environment in mind, formulated as voluntary efforts of financial institutions in Japan

●Principles for Responsible Investment (PRI)

PRI is a set of six principles launched by the UNEP Finance Initiative and the UN Global Compact in April 2006. This initiative asks corporate investors to incorporate ESG into their investment decision making practices.

●Risk Control Self-Assessment (RCSA)

The process whereby staff assess potential risks and related controls in the workplace. Typically, this method exposes potential risks through workshops and surveys.

●Smart Community

A social system that has succeeded in reducing environmental load by mainly utilizing information and communication technology (ICT) and renewable energy

●SRI

Socially responsible investment—An investment strategy where both financial return and social good are sought

●Stewardship Code

The code of conduct established for institutional investors concerning their fiduciary duties. The Japanese version was formulated by the Financial Services Agency in February 2014.

●Supply Chain Management

To investigate issues involving a company's suppliers of raw materials and services, including their environmental and social challenges, to select suppliers based on the results of such investigations, and urge them to resolve the issues

●Sustainability Accounting Standards Board (SASB)

A nonprofit organization established in 2011 in the United States. This organization aims for increased disclosure of non-financial information of companies traded on U.S. exchanges, and proposes industry-based sustainability standards.

●Sustainable Development Goals (SDGs)

An international agenda adopted at the September 2015 U.N. Summit comprising 17 goals and 169 targets aiming for the eradication of poverty and the creation of a sustainable world

●UN Global Compact

A global initiative established through the advocacy of then-Secretary General Kofi Annan. Members support 10 principles in the fields of human rights, labor, environment, and anti-corruption in their business activities.

●Value Chain

Interlinked value-adding activities that convert inputs into outputs which, in turn, add to the bottom line and help create competitive advantage

●Work-Life Balance (WLB)


Balance between an individual's work and personal life

Independent Assurance Report



Independent Assurance Report

To the President and CEO of Daiwa Securities Group Inc.

We were engaged by Daiwa Securities Group Inc. (the “Company”) to undertake a limited assurance engagement of the performance indicators marked with  for the period from April 1, 2015 to March 31, 2016 included in its CSR Report 2016 (the “Report”) for the fiscal year ended March 31, 2016, except for some performance indicators whose cumulative totals as of March 31, 2016 or figure for the period from January 1, 2015 to December 31, 2015 are the subject of this assurance engagement (the “Indicators”).

The Company’s Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company’s reporting criteria”), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’, ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’, issued by the International Auditing and Assurance Standards Board, and the ‘Practical Guidelines for the Assurance of Sustainability Information’ of the Japanese Association of Assurance Organizations for Sustainability Information. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company’s responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company’s reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and also recalculating the Indicators.
- Visiting to one of the Company’s domestic business sites selected on the basis of a risk analysis.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

October 18, 2016

Daiwa Securities Group

