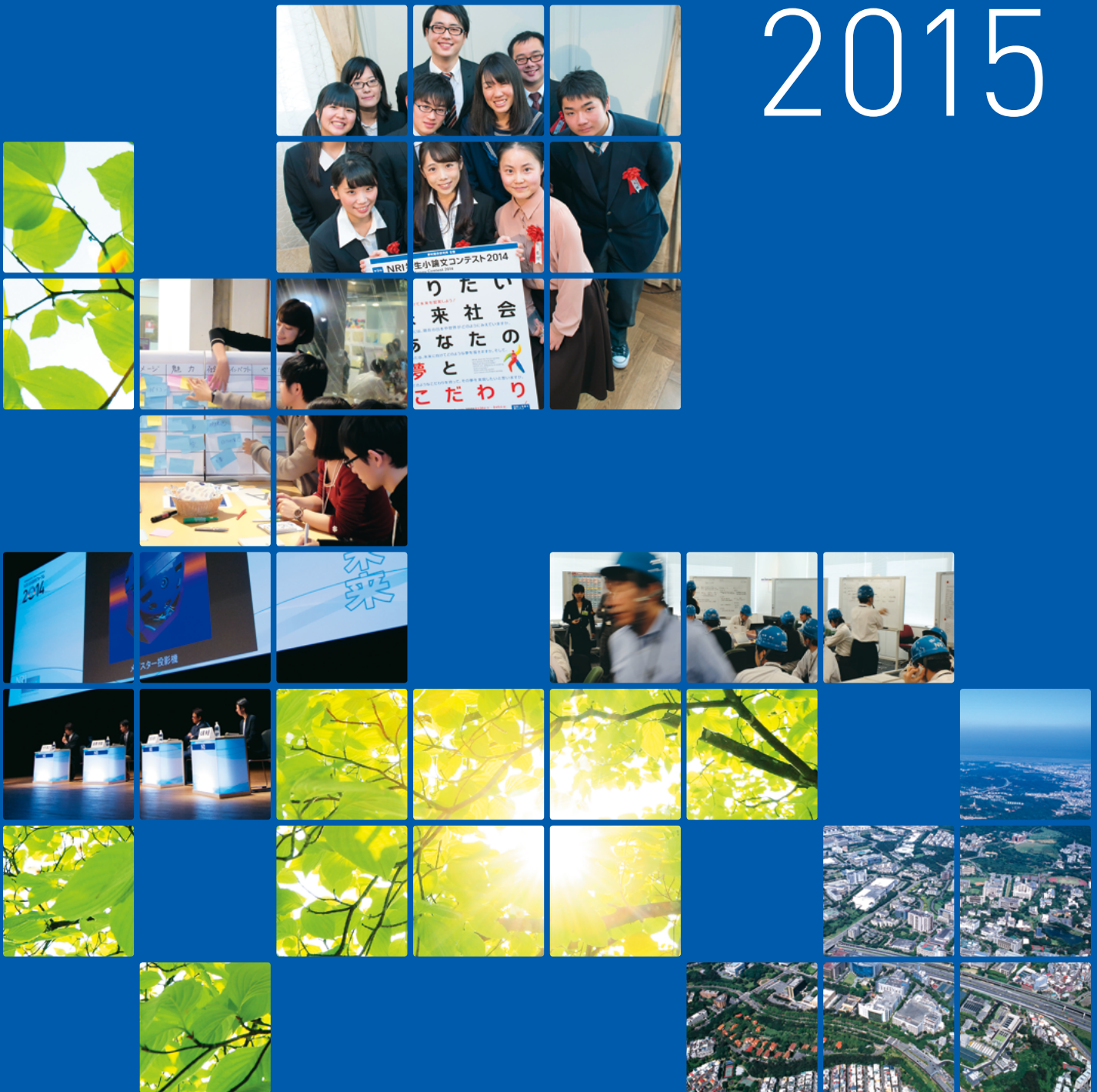


NRI CSR Report 2015



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Dream up the future.

Dream up the future.

That's the Nomura Research Institute Group corporate philosophy.

Today, the world is changing so fast that no one can read the future. We have placed ourselves on the leading edge, creating and innovating for the future while keeping an eye focused on society.

By creating new value, we will make a positive contribution to society that will benefit our world.

"Dream up the future" is about creating and innovating the future, which is how the Nomura Research Institute Group continues to enhance our strength and challenge the status quo.

NRI CSR Report 2015

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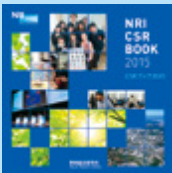


Editorial Policy

Nomura Research Institute has published a CSR Report since 2005 to give our stakeholders an understanding of the NRI Group's corporate social responsibility commitments. The report also aims to facilitate internal and external communication and to achieve a flow-on effect that will raise the level of our CSR initiative.

Our CSR Report comes in two forms: a digital pdf file, which is available on our website, and the CSR Book, which is the print version.

We have tried to ensure that the CSR Book contains articles of interest to our stakeholders, along with the information that NRI Group wants to convey, presenting this in an interesting and easy-to-read format. The digital version contains detailed information and data related to our material CSR themes. We also have an online report on our important CSR activities for achieving sustainable development for the NRI Group and society, which are presented in the form of specific examples and of views expressed by our executive managers and employees (the CSR Activities File).

Lastly, starting in 2014 the NRI Group has released integrated reports prepared using plain language, in connection with important financial and non-financial information about NRI's corporate value.

The year's CSR activities summarized in plain, clear language	The year's CSR activities and relevant information related to our three material CSR themes explained in detail	A detailed and up-to-date explanation of NRI's businesses and activities from a CSR perspective
		
CSR Book 2015	CSR Report 2015, in pdf format http://www.nri.com/global/csr/contribution.html#Report	The online CSR Activity File (only available in Japanese) http://www.nri.com/jp/csr/activities/

Organizations covered by this report

This report focuses on NRI's CSR activities, but also covers some activities of the NRI Group as a whole and of individual companies with the Group.

Period covered by this report

This report primarily covers fiscal 2014 (April 1, 2014 through to March 31, 2015), but also describes some events from the past, some activities after April 1, 2015, and certain plans for future activities.

Web version publication date

February 2016 (the previous report was published in February 2015; the next report is scheduled for publication in February 2017).

Trademarks

All proper names, including names of companies and products, found in the web version of the Report are trademarks or registered trademarks of the respective companies.

Disclaimer

The web version of the Report contains not only past and present facts about the NRI Group but also plans and forecasts based on information available as of October 2015, the date of publication of the CSR Report 2015 in Japanese. Changes in assumed conditions may accordingly mean that future outcomes and events for our business activities differ from these plans and forecasts.

Address for inquiries about this Report:

Corporate Social Responsibility Department
Nomura Research Institute, Ltd.
Marunouchi Kitaguchi Building, 1-6-5 Marunouchi,
Chiyoda-ku, Tokyo 100-0005, Japan
Tel.+81-3-6270-8200 Fax.+81-3-6270-8800
E-mail : nri-csr@nri.co.jp

Message from the President

We will fulfil our responsibility to society by creating new value through our business activities over our next half-century



In April 2015 Nomura Research Institute, Ltd. (NRI) marked 50 years in business, a milestone for which we thank all of our stakeholders.

Bolstered by the support we have received from our various stakeholders over the past half century, we are sharing the theme of "Determined to Innovate, Committed to Principles." throughout our Group to represent our ideals for the coming fifty years.

NRI offers a comprehensive range of services extending from research and consulting services to designing, developing, and operating information systems. Our motto for the next fifty years brings together our "Determined to Innovate" – namely, the active pursuit of innovative change for society through our business activities, with "Committed to Principles," which represents our belief in the need to continue our mission of the past 50 years – of thinking ahead of the curve, ("progressive"), always putting the client at the top ("trust"), and making a commitment to quality ("quality").

NRI aims to fulfil its responsibility to society during its coming half-century by continuing to create new value through its business activities, in order to realize its philosophy of "Dream up the future."

Outcomes for Vision 2015

Fiscal 2015 was the grand stage for the conclusion of Vision 2015, our long-term management strategy, which we began back in fiscal 2008. Looking back on our

efforts under that plan, we learned to better harness the synergies between NRI's consulting business and its IT solutions business, which meant we were able to both increase the number of clients and expand the range of industries that could use NRI's services, and to drive our global-related businesses. These efforts strengthened our revenue potential, and helped give us a balanced business structure not overly reliant on any one particular field, which has come to serve as a basis for sustainable growth. As a result we are confident that we have the right environment in place to let us make greater contributions to society.

Transforming our organizational structure to achieve sustainable growth — the challenge of Vision 2022

Working together with our stakeholders and skillfully managing ESG (environmental, social, and governance) issues will be of ever greater importance if we want to achieve sustainable growth and raise our corporate value. For that reason NRI is currently working on putting in place the proper organizational structures and rules that will allow it to meet the standards required of a global corporate organization.

Our first goal under Vision 2022, our next long-term management strategy, is to double both Value (the value creation and value raising which people have come to expect of NRI), and Variety (the acquisition of a diverse collection of human resources, skills, and know-how). To that end, we will always rise strongly to the challenges of achieving sustainable growth and raising our corporate value.

On the issue of governance, in June of this year NRI's general meeting of shareholders approved the appointment of a female Outside Member (independent officer) for the first time, along with an increase in the number of Outside Members (independent officers) from two to three. NRI intends to raise the independence and transparency of its governance, and to also work on constructive dialogue with its investors.

Engaging in business activities that comply with internationally applicable community norms is a precondition if NRI wants to expand its business globally. This year NRI drew up and published its first "NRI Group's Human Rights Policy," its first "NRI Group Anti-Bribery Policy," and its first "NRI Group Competition Law Compliance Policy."

Concerning the environment, as a policy with a social dimension, in April we set up an Environmental Activities Committee headed up by a Senior Managing Director from our Corporate Division. The creation of this Committee rounded out our systems for conducting environmental management in accordance with global criteria.

On July 1, 2015 we established a new company, NRI Mirai, Ltd., which will be promoting the employment of people with disabilities.

So that our aims for these transformational changes are shared and put into

practice by each of our employees, this fiscal year we will be reviewing the NRI Group's Code of Business Principles, before undertaking certain measures to ensure that these Principles are instilled in our employees.

Growth vision

NRI's core resolve is to endeavor to grasp the heart of an issue and find a solution for it at all times from the perspective of our clients and society. We place great importance on our process whereby we first accurately pinpoint a particular issue that a company or community is facing, before then turning our minds to the solution we can create for that issue, which will include harnessing the power of an information system. Among the range of problems facing societies today, some just cannot be put off for future generations to handle, and more and more others have become an increasing global risk. In this environment, although there are so many areas where NRI could make a contribution to finding solutions, we have instead picked out certain areas where we can focus our initiatives, which we have designated our Materiality.

Last fiscal year we had three material CSR themes: Building a sustainable society for the future; Providing the information infrastructure that is vital to people's lives; and Developing human resources who can generate innovation. After ascertaining the views of our stakeholders and identifying certain social issues based on international trends, we adopted those same three themes for this fiscal year too.

Building a sustainable society for the future: examples of this Materiality are our work on the Nippon Individual Savings Account (NISA) scheme, which kicked off in 2014, and the My Number social security and tax number project, which will start in January 2016. There is a strong link between designing projects like these for building a sustainable society, and using information systems to manage such programs. NRI played a role in these national projects from their planning stage, and as well as conducting surveys and research and providing recommendations to governments, we want to make a contribution to these major changes affecting society by developing and providing information systems that operate successfully for these projects.

Providing the information infrastructure that is vital to people's lives: The spread of cloud computing; the harnessing of "big data;" and the Internet of Things – these are some of the new information technologies generating major expectations in society. Information technology and information systems, however, are means for addressing issues – they are not goals in and of themselves. While on the one hand the advance of the information society means a massive leap in convenience and efficiencies in people's everyday lives and the economy, it has also

given rise to security risks, such as major breaches of personal information, and cyber-attacks on computer systems. NRI believes that supporting the reliability and security of today's digital societies is its most fundamental responsibility to society. It maintains the highest levels of security for its information systems at all times, in keeping with their role as infrastructure of vital national importance.

In order to realize our corporate philosophy of dreaming up the future, people skilled in creative innovation and in exploring new value and paradigms will be essential. The challenge we have set ourselves in that area is developing human resources who can generate innovation. Our Group is devoting resources to promoting Health and Productivity Management; promoting workplace diversity for example by giving better career opportunities to women and "global" employees; and to transforming our management of our human resources.

If NRI is to engage in socially responsible business activities, it must work hand in hand with its partners in business. NRI's long-term growth and development is a team effort involving its business partners both at home and abroad, with whom it aims to build relationships of mutual respect. It is also important for NRI to foster the students who will be the future mainstay of Japan and the world. To that end the NRI Group undertakes a number of programs to support the education of younger people.

Looking back on NRI's first half century, and training my gaze towards its next fifty years, I can see that thinking ahead of the curve ("progressive"), always putting the client at the top ("trust"), and making a commitment to quality ("quality"), have constituted NRI's unbroken chains of "DNA" since the time it was founded. Every NRI employee carries these "genes" with them, and I believe that if we can all boldly rise to the challenge of the issues facing society in the form of our Materiality, we will all collectively be able to make a major contribution to realizing our philosophy of "Dream up the future."

We sincerely hope to have your continued and solid support for our endeavors.

Nomura Research Institute, Ltd.
President & CEO,
Representative Director,
Member of the Board



NRI Group's Business and Value Creation Process

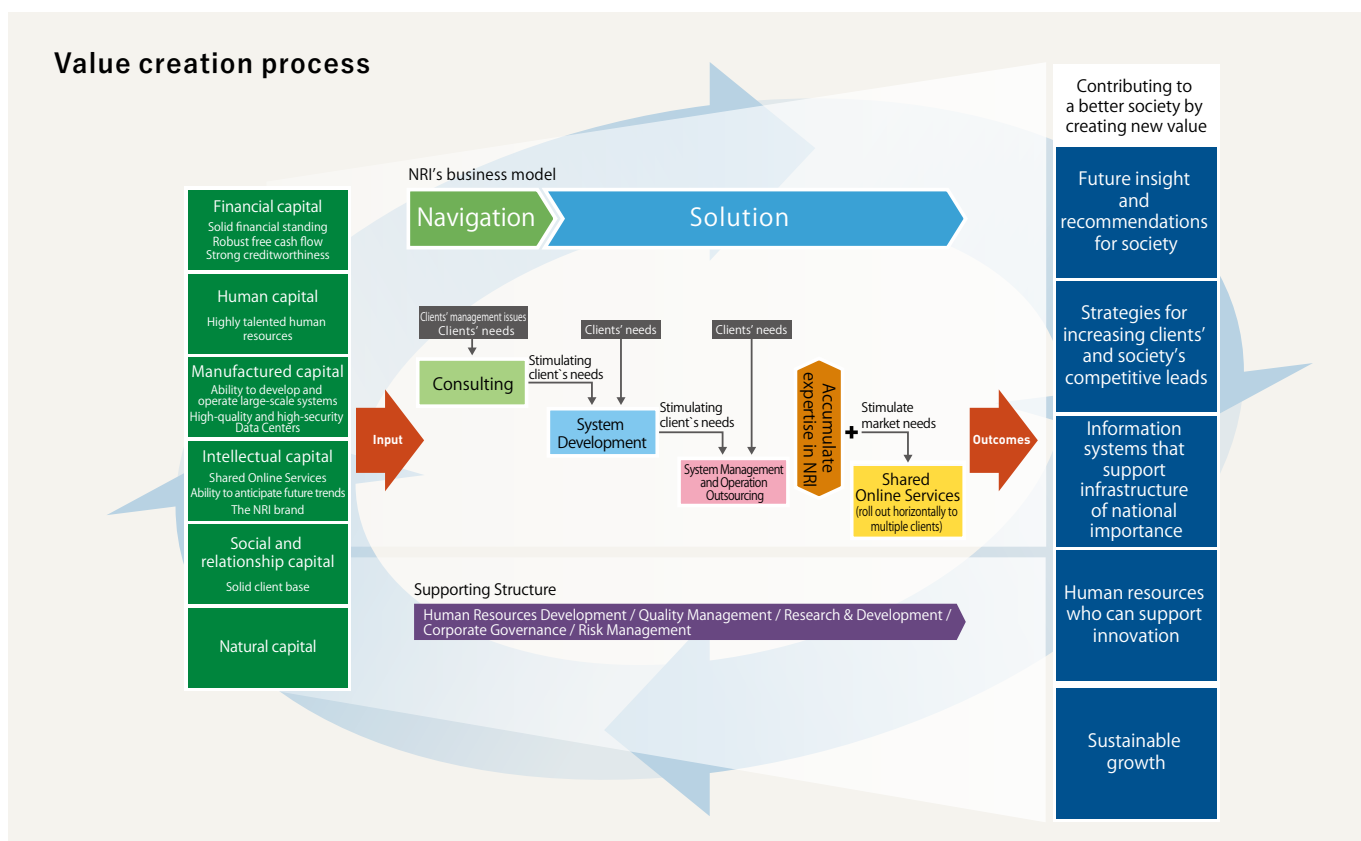
The NRI Group's Businesses

April 2015 marked 50 years since NRI was first founded. NRI traces its origins back to the original Nomura Research Institute, Japan's first private-sector think-tank founded in 1965, and Nomura Computer Systems, a pioneer systems integrator founded in 1966. These two companies merged in 1988 to form today's NRI. The NRI Group's principal businesses today are consulting services (such as business consulting and systems consulting), and IT solutions (such as system development, system management, operation outsourcing and shared online services). It is through these business activities that we are supporting the core functions of society and the way our clients do business, while improving the amenity of people's lives.

NRI Group's value creation process (Navigation × Solution)

The defining characteristic of the NRI Group's business is its dual functions: Navigation, a process that leads from the point of identifying an issue to its solution through forecasting, analysis, and policy recommendations; and Solution, the process of implementing that solution through reform of our clients' business processes and the design, development, and operation of improved systems.

We will continue to fulfill our mission to society and enhance our corporate value by expanding our business operations to deliver the synergistic effects of "Navigation" and "Solution."



Note: The value creation process including the above 6 "capitals" is referenced from the International Integrated Reporting Framework released by the International Integrated Reporting Council (IIRC) in December 2013.

Reference: "About NRI" on p.4 – p.5 of [the NRI Integrated Report 2015](#).

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Materiality

As materiality, the NRI Group identified three CSR themes to facilitate our CSR activities.

We will fulfill our active role in pursuing business activities responsibly in line with these material themes in order to contribute to achieving a sustainable society.

1 Building a sustainable society for the future

While society has sought to become affluent and has continued along the path of growth to that end, limits to that approach can also be seen. From "macro" problems such as overpopulation, the depletion of natural resources, and global warming, to "micro" problems pertaining to the economies, industries, and living standards in each country and region, issues have piled up which cannot be just passed on to future generations. We will contribute to finding solutions for these issues facing society through the recommendations we make based on our surveys and research, and our efforts at building frameworks for a new society.

[Specific issues involved]

Innovation management / Supporting community development / Our duty to help prevent global warming

2 Providing the information infrastructure that is vital to people's lives

Information systems in modern-day society are one of the services essential for the nation's economy and industry, and therefore for people's lives to function. They also enable limited resources to be applied efficiently, and generate new processes and value. The planning, development, and reliable operation of such information systems are at the core of the NRI Group's business. By continuing to build, operate and safeguard trusted information systems, we will be providing a support on which society and people's lives can rest.

[Specific issues involved]

The conveniences that information systems bring / The reliability of information systems / Information security

3 Developing human resources who can generate innovation

In order to realize our corporate philosophy of "Dreaming up the future," people skilled in creative innovation and in exploring new value and frameworks will

be essential. In order to develop these human resources, we are proceeding with efforts, which include building structures and environments receptive to different modes of work for different people, and establishing processes for training those people and evaluating their work. It is also important to us to foster today's students, on whose shoulders the future of this country and the world rest. We have committed ourselves to a range of different policies that will serve as support for the training of young people.

[Specific issues involved]

Diversity / Developing human resources / Training today's young people – the generations of the future

Materiality Assessment Process

The starting point for all our material CSR themes is dialogue with our stakeholders. We identify and scrutinize our Materiality through the following 4-Step process.

Step 1 Stakeholder dialogues

We conducted dialogues with a range of stakeholders to hear their views on the NRI Group's activities. Through these dialogues, as well as gaining awareness of how the NRI Group is viewed externally and of the gap between that and how we see ourselves, we gauge the demands and expectations placed on our Group.

[Examples of dialogues]

Expert Dialogues

The experts we invited to these dialogues had some connection to the NRI Group, and come from a variety of backgrounds. We asked for their frank views from different perspectives on issues such as the NRI Group's business activities, our communication activities, and our CSR activities.

Employee Dialogues

NRI President & CEO Tadashi Shimamoto visited NRI's offices in Japan and overseas, where he held dialogues with employees on "Thoughts from Top Management." Mr. Shimamoto himself spoke directly with employees about "NRI's beginnings," and exchanged opinions with them.

Student Dialogues

The NRI Group held dialogues with under- and post-graduate university students in three cities: Tokyo, Nagoya, and Osaka. As well as learning how students view the information services industry and the NRI Group in particular, we got to hear how these students assess companies, how they see their career development, and what they think about work-life balance issues.

Step 2 Identifying relevant issues

Based on the views of stakeholders obtained through these dialogues, we assess the relevant importance of various issues based on international CSR standards and guidelines such as ISO 26000, and identify issues highly relevant to the NRI Group.

[Broader external factors taken into consideration]

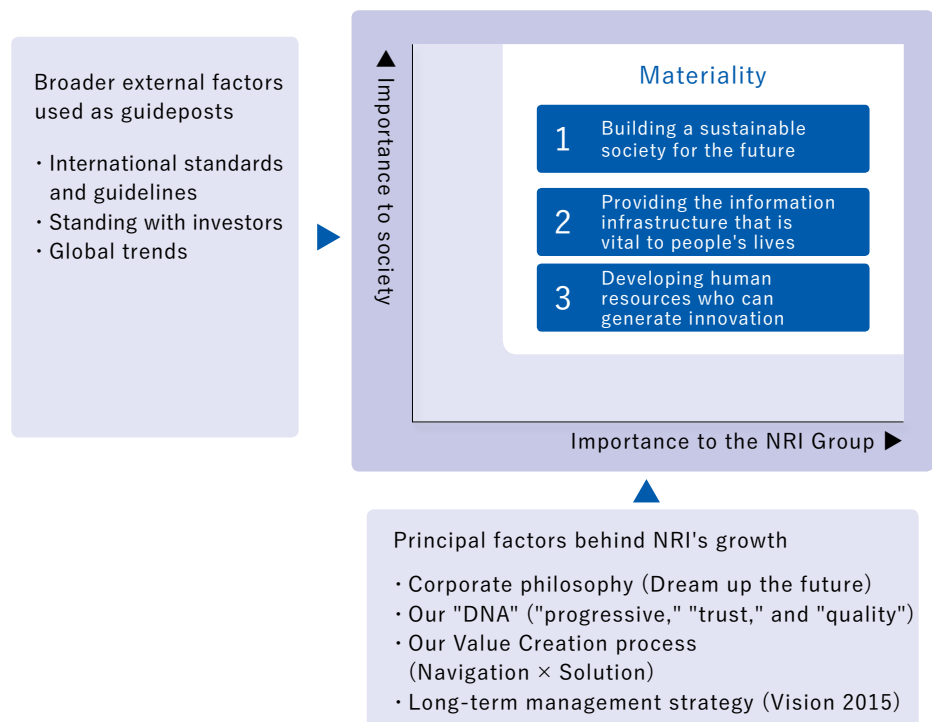
- International standards and guidelines (ISO 26000, GRI G4 Guidelines)
- Standing with investors (studying socially responsible investing (SRI) indices such as the DJSI (Dow Jones Sustainability Index) and FTSE4Good)
- Global trends (trends conspicuous in the drafting of the World Economic Forum's Global Risks Reports and the UN's Post-2015 Development Agenda)

Step 3 Determining materiality

Based on the "NRI Group's Businesses and NRI's Value Creation Process" and "Identifying relevant issues," we identified material CSR themes that were judged to be of high importance from two perspectives: "impact of the NRI Group's business activities on society" and "impact on our Group's business activities."

[Principal factors behind NRI's growth]

- Corporate philosophy (Dream up the future)
- Our "DNA" ("progressive," "trust," and "quality")
- Our Value Creation process (Navigation × Solution)
- Long-term management strategy (Vision 2015)



Step 4 Approval and review

After the material CSR themes were carefully gone over with the relevant departments involved in CSR, they were approved by NRI's executive management. The activities that NRI undertakes based on this Materiality are reported at dialogues for feedback from stakeholders, which then become an opportunity for any review of the Materiality.

[Approval and review process]

- Approval by our executive management
- Third party opinions
- Endorsement (third party verification of NRI's CSR activity process)

Stakeholder Dialogues

Stakeholder dialogues

The NRI Group continually undertakes initiatives that let stakeholders' voices enhance its management practices.

We are increasing the opportunities for dialogues where we get to hear views on NRI's activities from a wide range of stakeholders, which include our clients, business partners, and employees, as well as from students and CSR experts. We always place great emphasis on the perspectives of third parties that these dialogues reveal, since this helps stop us from becoming too complacent.

Dialogues 1 Expert Dialogues

Topic: NRI Group's activities overall

Participants: Clients, securities analysts, media representatives, and others



One Akiyama (President, IntegreX); Tomoko Takahata (General Manager & Publisher, Book Publishing Bureau, Nikkei Business Publications); Hideaki Tanaka (Senior Analyst, Mitsubishi UFJ Morgan Stanley Securities); Masami Tebaka (Senior Vice President / Deputy Secretary General, Japan Information Technology Services Industry Association); Eriko Naito (Executive Director, Customer and Product Quality Information Center, Customer Joy Department, Eisai Japan, Eisai Co.)

Note: The organizations and positions stated above are current as of the time of publication

Important opinions

- It is important that every NRI employee think about how its corporate philosophy of "Dream up the future" relates to his or her own work. In any aspect of an NRI employee's work, we expect them to appreciate the purpose of that philosophy and how it leads to NRI's contributing to society, and also to carry on their work with pride.
- When it comes to how data centers work, isn't it better to be more open about such things, and to not stint on providing information that can put the public's mind at ease? IT has always created things which didn't previously exist in society. We want to see NRI continue to rise to challenges and create new surprises for our industry, through its visions for the future and its capacity for insight.
- The information services industry is a labor-intensive one, and its rate of growth has come to be on a par with that for the Japanese economy as a whole. As technological innovation becomes more disruptive, there is a sense of foreboding that we are entering an era when industry after industry will be cut down at any moment. I would like to see NRI take the lead in introducing innovation that will overhaul the structure of our industry as a whole, so as to prevent it from caving in entirely.

- The public's attitude towards systems regarding absolute security and zero-tolerance of mistakes is a major brake on the industry's willingness to take on new challenges. In the sixty years of the history of IT solutions, while there have been environments when it was difficult for system integrators to take on new challenges, I want to see NRI go back to its roots and revive that willingness to take on challenges.
- There is a commonly held feeling that NRI is "a trustworthy company generally," and that people "feel comfortable entrusting it with their business." I think that if NRI employees conducted their work asking themselves "if it were me, what would be my response?," they will be able to build even stronger relationships

Dialogues 2 Employee dialogues

Topic: Communicating "Thoughts from Top Management."

Participants: NRI Group employees

No. of dialogues held: 54 (51 in Japan, 3 overseas)

No. of participants: 815 (710 in Japan, 105 overseas)



NRI President & CEO Tadashi Shimamoto visited NRI's offices in Japan and overseas, where he held dialogues with employees on "Thoughts from Top Management." Mr. Shimamoto himself spoke directly with employees about "NRI's beginnings," and exchanged opinions with them.

Main topics of questions and opinions exchanged

- Business in the areas of employees' responsibility
- HR · Human Resources Development
- Management strategies · Business strategies
- NRI's "DNA" ("progressive," "trust," and "quality")
- Innovation
- Internal environments (information sharing, collaborations, etc.)
- Global issues
- Diversity

Dialogues 3 Student dialogues

Topic: Work and CSR

Participants: Under- and post-graduate university students

No. of dialogues held: 3 (one each in Tokyo, Nagoya, and Osaka)

No. of participants: 18



Main views expressed

- The work the IT industry does is seen as difficult.
- A good company is one where your colleagues maintain good interpersonal relationships.
- What students want from a workplace environment is "connecting with people." Students place emphasis on whether or not there will be people in the company whose views are in sync with theirs, with whom they will want to work.
- NRI's website still doesn't really explain what kind of work it does.
- Students did know that NRI is a company with a culture of providing people with training.
- NRI had the image of being utterly profit-driven, but it no longer seems to be.

Multi-stakeholder engagement initiatives

As exemplified by the United Nations Human Rights Council's endorsement in 2011 of the Guiding Principles on Business and Human Rights, there is a growing trend in the international community of assigning greater importance to human rights. Working out how to handle human rights risks properly will be an issue for the NRI Group too as it expands its businesses globally.

For that reason since fiscal 2012 we have taken part in the Stakeholders Engagement Program (Human Rights Due Diligence Workshop) organized by the Caux Round Table Japan. We are committed to keeping ourselves informed on human rights issues through dialogues with multi-stakeholders including companies, NGOs & NPOs, and industry and academic experts.

(In fiscal 2014, 34 companies and 17 organizations took part in this Program)

Principal participants

[NGOs & NPOs]

Amnesty International Japan; Action against Child Exploitation (ACE); Friends of the Earth Japan; Oxfam Japan; Greenpeace Japan; Social Investment Forum Japan; Lighthouse: Center for Human Trafficking Victims; Save the Children Japan; The Japan Association for Advancement of ILO Activities; Business & Human Rights Resource Centre; Hurights Osaka

[Industry type of the companies participating]

Food and retail; apparel and textiles; paper and printing; chemicals; pharmaceuticals; manufacturing; finance; logistics; information, communications and technology (ICT)



Key issues for the ICT sector (in fiscal 2014)

- Concerns about long working hours and unpaid overtime when information systems are being developed
- Concerns that overseas contractors are not adequately ensuring OHS standards
- Issues surrounding privacy protection vs. the authority of the state
- Concerns over breaches of privacy owing to leaking of personal information
- Concerns about bribery and corruption by overseas government officials in business activities
- Concerns about the abuse of personal information by big data businesses
- The large amounts of energy that data centers consume
- Information deficits between communities

Our Approach to Material CSR Themes

Material CSR Theme

1 Building a sustainable society for the future 20

Material CSR Theme

2 Providing the information infrastructure that is vital to people's lives 25

Material CSR Theme

3 Developing human resources who can generate innovation 30

Material CSR Theme

1

Building a sustainable society for the future



NRI's annual Dream up the future Forum

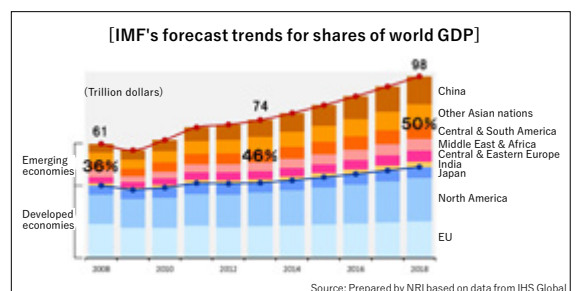
While society has never swerved from the path of growth in pursuit of affluence, limits to that approach can now also be seen. From "macro" problems such as overpopulation, the depletion of natural resources, and global warming, to "micro" problems pertaining to the economies, industries, and living standards in each country and region, there are issues which cannot simply be passed on to future generations, and they are becoming ever more serious as global risks.

"Dream up the future" is the corporate philosophy of the NRI Group. We plan to help answer the strong demand coming from people around the world for societies to realize long-term economic growth that is sustainable. We will be contributing solutions to a range of different issues through our business activities, including recommendations based on our studies and research, while building new fundamental frameworks for societies to operate within.

Impact

Emerging countries will account for half the world economy

By 2018 China, India and other countries in Asia, and emerging markets in Central and South America, the Middle East and Africa, are predicted to account for half of global GDP. (Omitted) We need to take our seat at



the table of powerful growth taking place in these newly emerging economies. Naturally many companies have already expanded their business with these countries. While they should certainly continue with their efforts in this regard, NRI's business with those countries will be of a different category. We will be selling national systems into these emerging markets which we have developed and which have proven their worth, and NRI will earn its income from the use of those systems to support these countries' economic growth. Any increase in Japan's GDP per person will not be possible without an increase in GDP per person in newly emerging economies.

— An extract from *Maximizing Japan's Earning Power*, by Shiro Tanikawa, Nomura Research Institute Chief Counselor

NRI's general approaches

General approach **1** **Innovation management**

Thinking outside the box so as to re-order the landscape within society will require a strong presence for leading innovation. The NRI Group uses its high-quality study capabilities and R&D structures to pursue innovation-creating research and development. In order to make use of that innovation generated in the form of actual systems that operate societies, the NRI Group publishes recommendations for new national schemes and rules. We also put resources into communicating our study and research results so that innovations become widely recognized by members of the public and absorbed in their minds.

General approach **2** **Supporting community development**

Important elements for realizing sustainable societies are (1) providing developmental support to emerging economies and developing countries whose economies and societies are in transition, and (2) helping regional communities rebuild as they work to get back on their feet after suffering a major natural catastrophe. The NRI Group's consulting skills are among the strong resources in its possession, and we use these skills to provide support with emerging countries' development and for countries recovering from disasters. Another powerful resource we possess is our IT solutions capabilities, which we utilize to support regional communities with their development. Another important activity we undertake is our contributing to society programs which help local communities.

General approach **3**

Our duty to help prevent global warming

Rapid developments in information technology have meant that the levels of electricity consumed by the ICT industry as a whole and the volumes of CO₂ emissions generated as a result have become issues of global concern. Behaving responsibly to prevent further global warming has become a pressing concern for all of us. The NRI Group is driving reductions in its Data Centers' energy consumption by raising their environmental performance to world's best practice. In addition by expanding the availability of our shared online services, where several companies make use of one information system, we have achieved a big cut in CO₂ emissions when measured for society as a whole.

Issues for the future

The NRI Group is putting in place an organizational structure for itself that will comply with international community norms. This includes developing a human rights policy and an anti-bribery policy. But we will have to ensure that our philosophy and our vision for building sustainable societies are shared throughout our entire Group, so that each of our employees will come to know which action to take automatically. With the formal creation of our Environmental Activities Committee in April 2015, we have put in place a system of environmental management that accords with global standards. We now believe, however, that we need to further enhance the effectiveness and transparency of our environmental management, for example by setting medium-term goals and disclosing outcomes from our initiatives.

Topics

General approach 1 Innovation management

Picking the most promising emerging technologies that will help society.

In 2014 the NRI Group conducted a trial together with Japan Airlines Co., Ltd. (JAL), in which JAL staff members were given wearable computers in the form of a watch with a built-in camera and other advanced data functions. The aim of the trial was to see if the devices increased efficiency and improved the level of aircraft maintenance and of the information given to passengers at airports. As they went about their work, staff encountered and worked through issues continually as they interacted with customers, allowing us to repeatedly correct and adjust the devices. With respect to issues that were assessed to be technically out of reach



JAL employees wearing smartwatches with advanced data functions

of an on-the-spot solution, we resolved these using innovations based on "co-creation" with the customers.

NRI picks the most promising technologies for the future, and combines these with different devices and systems. We then repeat developments and experiments with these to discover practical uses for them, in order to return benefits to society. We do not just use the results of those trials in our business activities – we also disseminate information about them in books and reports.

General approach 2 Supporting community development

Supporting 12 Fukushima town communities in developing a vision for their future

The NRI Group was contracted by Japan's Reconstruction Agency to provide support for setting up and managing a study group that would realize future visions for principally 12 town communities in Fukushima Prefecture. These communities had been subject to government evacuation orders, and the visions were to be developed from a short-term and a mid- to long-term perspective (10 years and 30 – 40 years after the nuclear incident respectively). We surveyed local residents about the future vision of their communities, and the analyzed results were used in discussions by experts and ultimately compiled as recommendations by those experts.

The NRI Group's initiatives for the future will support communities' recovery from the natural disasters, Japan's renewal and the revitalization of its regional areas, and the creation of sustainable communities.

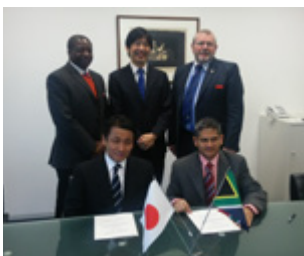
General approach 2 Supporting community development

Fostering investment in Africa and the Middle East

NRI is building a business cooperation relationship with the South African government with the aim of encouraging investment and business development by Japanese companies in that country. NRI already has similar relationships with Kenya, Tanzania, Tunisia, and Mauritius, through which it provides active support for Japanese companies setting up in markets in Africa and the Middle East. NRI makes use of the formidable information and local networks of the government bodies of these five countries, and through its consulting services and by providing companies with information, it introduces investment opportunities to Japanese companies and sets them up with local companies, providing them with support to break into markets in Africa. In June 2014 NRI set up an internal body called the Africa Business Promotion Office (ABPO). The ABPO has been providing support to a range of stakeholders, including providing regular information in partnership with international organizations about business chances and the needs of local markets. Through these sorts of initiatives NRI is making an active contribution to the development of markets in Africa, and to Japanese companies' expansion into global markets.



The study group at work



Signing ceremony with officials from the South African Department of Trade and Industry



* Chilled water with a temperature of 7 °C is normally used, but using chilled water at around 14~15°C keeps electricity consumption in check

General approach 3 Our duty to help prevent global warming

NRI's Data Centers boast high-level environmental performance

Information systems use enormous amounts of electricity. Starting with shared online information services that we offer to clients, the NRI Group is undertaking projects to reduce its environmental impact in a range of different ways. The NRI Group's Data Centers account for around 80% of all the electricity its business activities consume, so NRI has put environmental management systems in place at all of its Centers, for which it has obtained certification under the international ISO14001 standard.

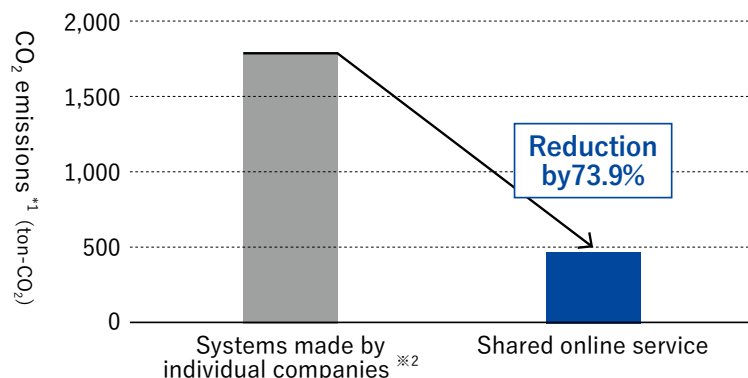
Tokyo Data Center I (T1DC), which opened in November 2012, received ISO14001 certification in March 2013. T1DC employs a double-decking layout, and by combining this as a base for a number of different energy-saving technologies, we have achieved major savings in the amounts of energy it consumes. In addition by using cool external air both during winter and mid-season operations we have implemented free cooling and high-temperature chilled water*, technologies which produce cold water without the use of refrigeration equipment. This has let us make massive cuts in the electricity consumption associated with air conditioning. We are also working to reduce our environmental impact by maximizing our use of renewable energies, such as solar power generators and geothermal heating systems. In recognition of such an advanced environmental performance, T1DC won a METI Minister's Award at the Green IT Awards in 2013.

General approach 3 Our duty to help prevent global warming

Using NRI's shared online systems cuts CO2 emissions

NRI offers a number of different shared online services, including STAR-IV, BESTWAY, and Value Direct. Instead of developing and maintaining their own systems, and by sharing the use of these systems with others, companies are able to significantly reduce the amount of electricity they consume along with the CO₂ emissions they would have produced, saving themselves considerable money in the process. NRI's preliminary estimates point to a potential reduction effect of around 73.9% in CO₂ emissions.

Comparison of Annual CO₂ Emissions between Shared Online Service and Proprietary Systems Made by Individual Companies



*1 Calculated by multiplying electricity usage by the real emission factor of Tokyo Electric Power Company released by the Ministry of Economy, Trade and Industry.

*2 Calculated using an estimate of the approximate curve from a regression analysis of sample data, assuming that a client using STAR operates a similar system on their own.

Material CSR Theme

2

Providing the information infrastructure that is vital to people's lives



Tokyo Data Center I's operations and management center

In today's society, information systems are pieces of economic activity infrastructure that support the value chains of every industry. They also allow limited resources to be used more efficiently, and by creating new fundamental frameworks and services, they greatly contribute to realizing innovation in the community.

* The right to privacy
This is the right of an individual to choose him- or herself when, in what circumstances, and to what degree to share with and not reveal to others his or her attitudes, beliefs, behavior, and/or opinions. As the role of information in society continues to advance, the idea of the right to privacy as a right to control information about oneself has emerged.

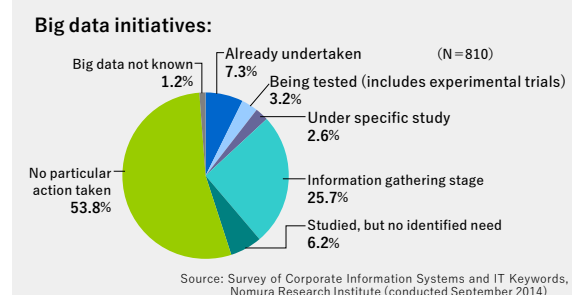
On the other hand, as the use of information systems spreads to furthest corners of economic life, they throw up a new set of serious issues for personal freedoms including the right to privacy*. These issues include the impact on society and the community of data hacking, and system and security failures.

Designing, developing and operating dependable information systems lie at the core of the NRI Group's business. NRI will support society and people's everyday lives by building, operating and continuing to maintain information systems that people can trust.

Impact

The applications and risks of big data

The number of companies looking very carefully into how big data can be used to give them a competitive advantage is steadily increasing, as is the number of those companies starting to venture into big data



applications. (Omitted) As the Internet of Things develops and progresses, there will be a spectacular expansion in the type and volume of data available for analysis. This will drive data applications not just by private-sector companies but also in the public sector sphere, and this could lead to solutions for broader community issues such as power shortages and traffic congestion. While there are high expectations for the applications of big data, we must not forget to exercise the greatest regard for the protection of privacy and of personal information. (Omitted) Forces in opposing directions will need to apply: the "accelerator" of actively promoting the development and use of applications, and the "brake" of concerns about privacy and personal information protection.

— An extract from *IT Roadmap 2015*, produced by NRI's IT Platform Solution Planning Department

NRI's general approaches

General approach **1**

The conveniences that information systems bring

Reducing costs to the community such as the expense and time involved in economic transactions is an important element for the smooth and sustained growth of economic activity. The NRI Group is contributing to a major reduction in indirect costs, by promoting the introduction of its industry-standard shared online services into the financial services industry (which might be considered to deliver the lifeblood of economic activity); through reduced systems costs for industries as a whole; and through improved efficiencies in back-office operations. Furthermore by applying this know-how to other industrial areas, NRI is raising the competitive strengths of companies across a broader area, which is leading to long-term growth and development in the economy and the community.

General approach **2**

The reliability of information systems

Information systems are pieces of infrastructure that today's societies rely on, and if one breaks down, it can have a major impact on economic activity and people's daily lives. The NRI Group places ultimate importance on preventing stoppages to systems, giving an exhaustive commitment to quality from a system's design stage through to its maintenance and operation. It also takes the strictest precautions with backup and business continuity arrangements should one of its information

systems break down. Because lifting the quality of its supply chains as a whole is essential for further raising the quality of its information systems, NRI is investing resources into activities designed to achieve mutual long-term improvements with its business partners.

General approach **3** Information security

Cyber-attacks targeting vital infrastructure and corporations and large-scale hacking of sensitive information are examples of the increasing risk to information security around the world. The NRI Group recognizes that these risks need to be tackled at the highest level. For that reason, as well as put in place strong governance systems and multiple safeguards for information security, we have adopted policies to minimize the impact when breaches of information security occur. We are also strengthening our business partners' management of information security.

Issues for the future

While many people place high hopes on advances in information technology, the information services industry is also seen in part as a mature industry that is labor-intensive. In order for the information services industry to attract talented employees and resources and in order to build a business environment that is constantly growing, we believe that we need to raise the appeal of our industry as a whole by working as a team with our business partners.

The right to privacy is being debated around the world as a human rights issue, as societies become more and more digitized. While this issue has little direct association with NRI's own business, as a member of the information services industry we recognize that we need to pay constant attention to developments in this area.

Topics

General approach 1 **The conveniences that information systems bring** Information systems transition from ownership to use

As well as build and operate information systems for many companies, NRI has standardized certain information systems needed to conduct business operations, offering "shared online services" where several companies make use of one information system, in a variety of fields. Clients who use NRI's shared



NRI's regular publications inform the public about the results of its studies and research

online services can not only reduce their IT costs, but also no longer need to take action individually to change any system.

For the Nippon Individual Savings Account (NISA) scheme, which was introduced in January 2014, from an early stage NRI began conducting studies of the United Kingdom's ISA scheme, which was the model for Japan's scheme. Because NRI was involved from the design stage, it was able to take the lead in getting other companies to get on board with the scheme. The My Number social security and tax number project, which is scheduled to start in January 2016, will have a wide-reaching effect on financial institutions and regular companies, for whom it will be essential to become familiar with the scheme. Similar to when NISAs were being introduced, NRI undertook research relating to the My Number system of its own accord, and it has used the results of that research to provide support for its clients and with the scheme's introduction by offering shared online services.

General approach 2 The reliability of information systems

International acknowledgment of the high standards of operation for Tokyo Data Center I



M&O certification mark (from the Uptime Institute)

Business activities such as finance and banking, distribution, and manufacturing, and the systems that help people go about their daily lives – these are all supported by an array of information systems. When any particular information system breaks down, it has an impact over a wide area. While companies will obviously suffer damage, the fact that the broader community and ordinary people will also be hit badly became evident from the Great East Japan Earthquake. NRI operates major data centers in five locations in Japan. As well as operate information systems for many companies, NRI provides many companies with shared online services. In December 2014 our Tokyo Data Center I (T1DC) was the first in Japan to obtain a Management and Operations (M&O) Stamp of Approval, signifying its compliance with data center operating standards set by [the Uptime Institute](#), a private-sector organization in the United States. This recognition is given according to a number of criteria for a data center's day-to-day operations, including "organizational response," "maintenance and management plan," "staff training," "operations policy," and "impact management". T1DC scored very highly in its approval process, and it can now boast a strong appraisal based on international standards.

General approach 3 Information security

Fail-safe systems operations



A business continuity drill held for a major earthquake scenario

The NRI Group has introduced a centralized information security failure management system, which provides a unified system for its management of information security failures. So that a comprehensive judgment can be made from a range of perspectives, the System employs not just one-way reporting from the scene of the failure but also interactive communication. It is also organized so that as well as deliver appropriate responses quickly, we can also develop

improvement policies internally.

NRI has been putting in place response systems based on scenarios involving cyber-attacks and large-scale natural catastrophes. We have also been preparing for unexpected situations, such as preparing response procedures and carrying out response drills. In fiscal 2014, in addition to drills based on a major earthquake scenario, the NRI Group carried out its first drill simulating a response to a cyber-attack. As well as demand that our business partners carry out security contingency plans just as we get our own employees to do, we also require business partners to give an account of their security guidelines; to test their security plans in practice and correct any problems discovered; and to provide us with annual reports on their activities for safeguarding security.

Material CSR Theme

3

Developing human resources who can generate innovation



The top prize winners in the NRI Student Essay Contest for 2014

As companies' businesses become more global, they will be facing more calls from the public for greater diversity in their HR management practices. Diversity has also become an important issue from the viewpoint of companies' own long-term growth.

For the NRI Group, its human resources are an important core resource.

In order for a diverse workforce with differing value systems to achieve "Dream up the future," people who can think up new values and paradigms and create ground-breaking change are essential. In order to nurture such human resources, NRI is building systems and creating environments that embrace different modes of working, and is pursuing the creation of related mechanisms for training and evaluation. NRI also believes that it is important to foster today's students who hold Japan and the world's futures in their hands, and we will be engaging in a number of different initiatives to support the education of younger people.

Impact

A proposal for future society from a student today

"While some people may call Japan an 'ethical country' or a 'land of hospitality,' it is never called a 'land of well-being' or a 'land of education.' From an early age Japanese children are taught to 'not cause bother to others.' A German friend



told me, however, that German children are taught that 'causing bother to people is a part of life, so you have to learn to forgive people for it.' I think this is the difference between segregated education and inclusive education, and it got me thinking. I want to work to achieve more well-being through education, so what I need to do is spread the message about inclusive thinking, which will apply anywhere in a global community, and the need for inclusive education. My goal would be to build a new Japan that is a 'land of well-being education,' which could take its place in the world with pride.

— An extract from "Towards Achieving Inclusive Education," an essay submitted by Kaede Kiuchi in the NRI 2014 Student Essay Contest, for which she won the Grand Prize in the university students' category. Ms. Kiuchi is a second-year student in the Faculty of Policy Management at Keio University.

NRI's general approaches

General approach **1** Diversity

A workforce that engages in multi-faceted thinking and behaviour based on different sets of cultural backgrounds is an essential resource for the NRI Group. Diversity has become an important factor for the NRI Group's growth. The NRI Group aims to be an organization where women thrive in their careers, actively promoting programs to that end based on the three pillars of fostering a better corporate culture for our female employees, helping them to develop their careers, and helping them to strike a balance between their work and being a mother. In addition as a global corporation, we are putting in place policies and systems pertaining to human rights and work practices based on international community norms, and we are working to build an organization that both promotes diversity and employs it as a driver for growth.

General approach **2** Developing human resources

The key to the NRI Group's long-term growth will be employees who possess a high degree of expertise, who can work independently towards self-set goals, and who can pursue challenges boldly without fear of disruptive change. In order to bring greater certainty to our human resources development strategy, we have adopted a system of "career fields" (comprising different areas and levels of specialization) that spell out the different visions of human resources that we are aiming for. It is an endeavour on our part to align our organization's growth

with that of our individual employees, and it is designed to promote a form of skills development that is both planned and gives ownership to the employee. Lastly, as well as put energies into training global human resources who will be better able to negotiate the globalization processes currently at work, we are working on initiatives for improvements based on changing internal mindsets and fostering a better corporate culture.

General approach **3**

Training today's young people – the generations of the future

In order to realize the NRI Group's corporate philosophy of "Dream up the future," it will be important to provide training for our young people today, who will lead our workforces in the future, and to generate a greater community ripple effect for the future. The NRI Group has developed a range of education programs for all students, from elementary school students to university students and international students, based on its know-how and tailored to the needs of each particular group. Through its Student Dialogues and Student Essay Contest it also provides forums for students to turn their minds to the future. The NRI Group also engages in collaborations with educational institutions, with its employees for example giving classes and talks at universities, and arranging for teachers to receive training at companies in the private sector.

Issues for the future

NRI is actively engaged in measures to promote diversity and reform its human resources management. These include: promoting Health and Productivity Management that will contribute to raising our employees' quality of life; creating a new company NRI Mirai that will promote the employment of people with disabilities; promoting female employees into higher managerial positions; expanding our childcare programs; and appointing a woman Outside Member. NRI believes that its diversity must be advanced and its human resources management reformed even further, at a global level and in keeping with its organizational structures, in order to support the expansion of its global business, which is one of the goals of its long-term management vision.

Topics



General approach 1 Diversity

NRI establishes a new company, NRI Mirai, to promote the employment of people with disabilities

With the aim of attracting a diverse workforce and creating a work environment where each employee can achieve his or her potential, the NRI Group is promoting initiatives designed to enhance its diversity. In fiscal 2014, NRI hired another eight individuals with disabilities, who make up 2.1% of our entire workforce. On July 1, 2015 we established a new company, NRI Mirai, Ltd., which will be helping with the employment of people with disabilities. In September we filed a "special subsidiary" application for NRI Mirai. With the creation of this new company the NRI Group aims to expand the scope of its diversity, and it will support the independence of people with disabilities whom it hires as employees.

General approach 2 Developing human resources

Providing one year's practical training at a major international European software company

With the aim of cementing our business base and in order to nurture successful global business leaders, NRI runs practice-based training programs that include overseas work experiences. We place our employees with a client or an NRI overseas subsidiary for around one year to get them to improve their ability to do business through an overseas work experience.



Meal with team members

For one year from April 2014, an NRI employee was placed with a global software company based in Germany, where as a member of a project team he worked on a platform for analyzing large volumes of data at high speed. He was the only Japanese person among the diverse 12 team members, the rest of whom came from nine different countries. In addition to the improvement in language ability as a result of this experience as an overseas trainee, he was struck by other benefits gained such as "the flexibility needed to perform work in an overseas environment," "being forceful about putting my hand up for tasks," and "acquiring the host company's product knowledge."

To date NRI has selected close to 100 employees for overseas training, sending them to 18 different cities in twelve countries.

General approach 3 Training today's young people – the generations of the future

Supporting young people: NRI's special support for developing human resources

The NRI Group wants today's children and students, who represent our future generations, to choose a path in life and a career where they can be full-fledged members of society achieving their potential. We therefore provide a number of education support programs and events to that end. Management consultants, systems consultants, systems engineers – NRI employees occupy a diverse range



The IT Strategic Experience Program, for senior high school students. Current NRI systems engineers conduct the program.

of job types, and when they act as lecturers in our careers education programs, they can draw on the experience and know-how they have built up in the course of their day-to-day work. NRI's own special career education programs, such as the Consultant for a Day Program and the IT Strategic Experience Program, challenge children and young people to think about problems and come up with solutions by themselves, all the while letting them enjoy the game format in which the Programs are presented.

NRI also held CSR workshops for university students, on the topic of "Thinking about Work."

CSR Activities and Data Files

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Material CSR Theme 1 Building a sustainable society for the future

Research and development

The NRI Group believes that research and development (R&D) is an important area for investment in order to sustain and transform its business and raise its corporate value. We undertake our R&D from multiple perspectives, so that its results lead to greater corporate value for our clients and the NRI Group, and to society's greater progress. The NRI Group aims to relieve any anxieties that our clients may feel and to help solve issues affecting society in a number of ways: by achieving advanced solutions through R&D; by operating high-quality and reliable information systems that improve on existing basic IT technologies; and through our recommendations which are based on surveys which we conduct by way of fundamental research.

Our R&D organization

The NRI Group pursues R&D in three areas: pure research, technology, and business. The NRI organizations responsible for the various areas of our R&D are as follows, but as needed they engage in collaboration with different organizations both within and outside our Group.

Research & Development Committee: As well as propose and discuss R&D strategies, this Committee reviews individual projects from a whole-company perspective, from planning through to application of the results.

Center for Strategic Management & Innovation: Responsible for government policy recommendations and advanced research functions, this Center conducts surveys on new systems for society.

IT Platform Innovation Division: Responsible for the NRI Group's technologies development, this Division conducts research into cutting-edge technologies and base technologies in the area of information technology.

Our business divisions: Responsible for medium- to long-term business development and new product (service) development, these investigate product business feasibility, conduct product development, and undertake demonstration projects.

R&D focus areas and past results

From a medium- to long-term perspective, The NRI Group has set three areas for the focus of its R&D: Finance & Industry, Information Technology, and Global. Finance & Industry R&D deals with financial institutions and the adoption of industry-standard business platforms that fully meet the wide needs of markets. Information Technology R&D involves continually monitoring cutting-edge technologies and strengthening IT's power to offer

solutions that apply those technologies to people's lives and to society at large. Global aims to contribute to solutions to the different challenges that the world faces from the dual perspectives of Navigation and Solution.

In fiscal 2014, the NRI Group conducted a total of 167 R&D projects.

Some of our main R&D projects

Projects Finance & Industry: Research and recommendations for national policies and schemes

My Number is Japan's social security and tax number project which is scheduled to start in January 2016. NRI started conducting studies in fiscal 2011 on how the scheme itself should look, and on the impact of its introduction on companies in the private sector. Since that time we have been making ongoing recommendations to the government agencies involved in the scheme, and communicating the results of our research to relevant individuals at corporations.

With regard to the reform of Japan's public pensions, an NRI employee has been appointed as a member of the Investment Advisory Committee of Japan's Government Pension Investment Fund (GPIF), where he has been making a range of proposals. In addition, with respect to reforms to Japan's capital markets, based on the results of our investigations and research we have been making recommendations at the sessions tasked with drafting a stewardship code and corporate governance code for Japan.

[My Number scheme initiatives \(only available in Japanese\)](#)
[Expectations for Japan's stewardship code \(only available in Japanese\)](#)

Projects Information Technology: Picking the most promising emerging technologies for systems to benefit society

[Wearable device* demonstration project \(only available in Japanese\)](#)

* A small digital device that can be worn around the neck or wrist, with a screen and telephone and email functions

Projects Global: Japan-China joint research project to expand and broaden China's commercial financing

In 2014 NRI began a joint research project on commercial financing* in China with the Institute of Finance and Banking, Chinese Academy of Social Science, to investigate policy recommendations designed to expand and broaden China's commercial financing, along with relevant methods for implementation. This is one support project aiming to provide solutions for the financial challenges that have arisen in the wake of the rapid transformation of China's economic structure.

* Commerce is the combined flow of transactions in a product distribution chain, which include the receiving and placing of orders, and the settlement of payments. Commercial financing is the method of raising the funds needed for a company's activities, based on commerce taking place within the company or between companies such as in a supply chain.

R&D Costs

	FY2011	FY2012	FY2013	FY2014
R&D costs (billions of yen)	36.4	36.4	39.0	42.2

Surveys, recommendation projects, and Information communication

Communicating the results from our surveys and research NRI produces survey and research results and recommendations for society's future on a wide range of topics such as industry, business management, IT, and broader social issues. It communicates these results and recommendations to the broader community through various forms of media including books, periodicals, reports, and its website.

Almost all of the periodicals and reports that NRI publishes can be downloaded for free from its website.

[Click here for NRI's periodical publications \(only available in Japanese\)](#)

[Click here for NRI's recommendations and research reports \(only available in Japanese\)](#)

[Click here for a list of books produced by NRI \(only available in Japanese\)](#)

Projects Recommendations on "Restarting Regional Japan"

In the form of a collection of recommendations entitled Emergency Recommendations – Restarting Regional Japan prepared from a range of perspectives, NRI has published information and study and research results it has accumulated in the course of providing assistance to governments and companies as they drafted related policies and strategies respectively.

[Click here for more \(only available in Japanese\)](#)

Projects Survey of companies' information security

[Click here for more \(only available in Japanese\)](#)

Projects Cyber-security: Trend analysis report

[Click here for more \(only available in Japanese\)](#)

Holding seminars and forums

NRI holds seminars and forums for shareholders, clients, and the general public in order to communicate its recommendations for the future to a broader audience. Its Dream up the future Forums in particular, which NRI has held each year since 2003, have proved to be an annual occasion for a deepening of debate between pioneers from a variety of fields – fields where NRI itself has been involved in creating new "value." A total of 4,715 people attended "Dream up the future Forums" held in October 2014 in Tokyo, Nagoya, and Osaka on the topic of "The Future We Would Build."

Our information communication record in recent years

	FY2012	FY2013	FY2014
No. of books published	14	12	19
No. of contributions to newspapers and magazines	304	278	210
No. of public lectures given	861	943	1,088
No. of TV/radio appearances	88	117	81
No. of press releases	96	97	88
No. of seminars/forums held	9	9	9

Supporting disaster rebuilding

Supporting disaster rebuilding through our business activities

Projects Supporting 12 Fukushima town communities in developing a vision for their future

[For more go to p.23](#)

Projects Projects supporting the drafting of a "Vision for Rebuilding Communities" and the "Second Stage Recovery Plan" for Okuma Town in Fukushima Prefecture

Okuma is a town located in Fukushima Prefecture's Futaba County. NRI helped it to examine how its community should look after a certain time has passed after being affected by radiation fallout. As a first step in rebuilding the town from the bottom up, NRI provided Okuma's administration with support in drafting a Vision for Rebuilding Communities, to prepare for a community with a population of around 3,000 people in Ogawara, a district in the southern part of Okuma where contamination levels were relatively low. In addition, in partnership with the townspeople, local government employees, and experts from the town, NRI prepared a general direction for specific policies and projects to rebuild Okuma over the coming decade, in the form of a "Second Stage Recovery Plan." NRI will continue to provide support for a number of policies aimed at achieving Okuma's recovery.

Projects Donations of emergency relief money

In fiscal 2014, we donated a total of around ¥19.5 million to the Disaster Relief Volunteer & NPO Support Fund 2 operated by the Central Community Chest. This was the combined amount of monies raised from our employees together with a matching amount from NRI itself. Emergency relief and assistance funds from the NRI Group for Tohoku Earthquake victims have now totaled around ¥196.54 million.

Projects Raising donations for elementary schools from selling our old books

Since fiscal 2012 we have been selling books that we no

longer use and donating the proceeds to elementary and junior high schools hit by the disaster, and to NPOs helping children in the disaster areas. In fiscal 2014 we collected and sold a total of around 20,000 books, and used the ¥1.44 million raised to purchase electronic blackboards for the Okuma Town school board, which has been temporarily relocated to Aizu Wakamatsu City. The blackboards have been installed in classrooms at two Okuma elementary schools (Ono Elementary and Kumamachi Elementary), where they are being made good use of in lessons.

Development of society

Building the frameworks for a better society

In addition to the recommendation projects that are undertaken as blueprints for society's future, working together with business and industry organizations, Japan's central and local governments, and independent administrative corporations, NRI provides support for the development of frameworks for a better society.

Projects My Number scheme initiatives

[Click here for more \(only available in Japanese\)](#)

Projects Promoting investment in Africa and the Middle East

[For more go to p.23](#)

Projects Safeguarding financial institutions against cyber-attacks

[Click here for more \(only available in Japanese\)](#)

Projects Activities by NRI Group companies

Since its founding in July 2012, NRI FT India has been actively involved in supporting local communities and helping them develop. It has been giving its depreciated PCs to NGOs that provide support for local orphanages and for vulnerable people in society. In fiscal 2015 it plans to sponsor two soccer teams with 63 young people between the ages of 7 and 14 years.

Projects Participation in TABLE FOR TWO program

Since 2008 NRI has been donating the cost of a meal for a child in a developing country via the NPO TABLE FOR TWO International. Once a week NRI's employee cafeterias in Kiba and Yokohama offer a menu of healthy options. For each option that an employee purchases, ¥20 from the employee, plus ¥20 from NRI making a total of ¥40, is donated to TABLE FOR TWO.

Summary of NRI's development of society activities

	FY2012	FY2013	FY2014
Total expenditure on social contribution activities (¥ million)	549	792	581
Donations to TABLE FOR TWO (no. of meals)	15,878	15,650	14,404

Environmental Protection

Climate change is becoming a serious problem, and many companies around the world are taking measures to cut their greenhouse gas emissions. In the field of IT solutions, which is NRI's area of business, the rapid spread of information and communications technology (ICT) devices has driven up consumption levels of electricity.

To tackle such environmental problems the NRI Group has adopted an Environmental Policy, and in fiscal 2014 it created a new internal cross-organizational body, the Environmental Activities Committee, and organized an Environmental Activities Section as the NRI body tasked exclusively with environmental issues. In organizational terms the Environmental Activities Committee conducts studies and investigations for solving environmental issues, and the Environmental Activities Section implements NRI's environmental policies.

NRI is working to expand the shared online services that it offers, in order to help constrain electricity consumption in the IT solutions sector.

When our clients use our shared online services, they are better able to rein in the amount of electricity that they use for building and operating a system as a whole, than if they were to build and operate their own system independently. Furthermore, when we install servers and air conditioning equipment with high environmental performance in the Data Centers which deliver those shared online services, we are able to keep a tighter rein on the amount of electricity we consume.

Our Data Centers consume about 80% of the total energy that we use, including our use of electricity. For that reason for all our Data Centers we have obtained ISO14001 certification, an international standard for environmental management systems, as part of our focus on efforts to reduce our environmental impact.

Each NRI office consistently undertakes programs to reduce our Group's environmental impact, engaging in ongoing measures to cut our overall consumption of electricity; to avoid using energy at peak usage times; and to use renewable forms of energy. Starting this fiscal year, an investigation led by the Environmental Activities Committee began in earnest into introducing an environmental management system for our offices.

The NRI Group's Environmental Policy

The NRI Group's executives and employees will all engage in activities to reduce our impact on the environment. Our aims here are to help future generations to prosper, and to preserve the Earth's environment with harmony between humanity and nature.

We have called these planned and ongoing activities our NRI Green Style Activities.

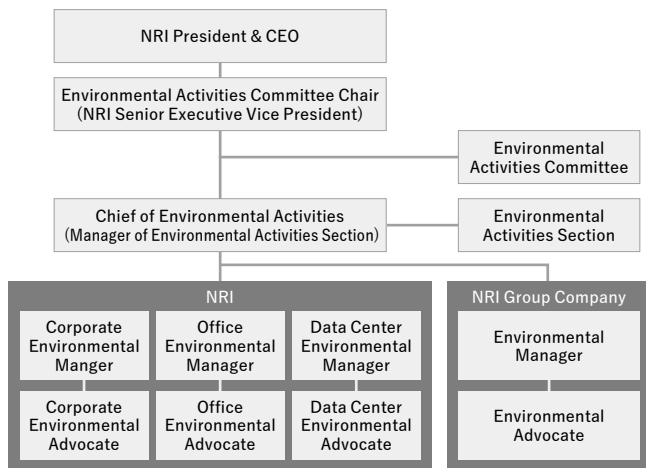
[Click here for the NRI Group Environmental Policy](#)

Biodiversity Action Agenda

NRI has adopted a Biodiversity Action Agenda. Incorporating initiatives into our business activities that engage with biodiversity and other environmental measures leads to reduced environmental impacts, biodiversity preservation, and sustainable exploitation.

[Click here for our Biodiversity Action Agenda.](#)

Personnel organization for promoting environmental activities



Achieving major reductions to CO₂ emissions through the use of shared online services

NRI provides shared online services, where several companies in a variety of fields make use of one information system. In the case of STAR, our integrated back-office system for retail securities companies, our preliminary estimates indicate that using STAR allows these clients to cut their CO₂ emissions by around 70% compared to if they each operated a similar system of their own.

[For more go to p.24](#)

NRI's Data Centers' strong environmental performance

NRI has developed an environmental management system for all of its Data Centers, for which it has also obtained ISO14001 certification, the international standard for environmental management systems.

Our Tokyo Data Center I (T1DC) employs a double-decking layout*, which could even represent how data centers will look in the future. By combining this layout as a base for a number of different energy-saving technologies,

we have achieved major savings in the amount of energy that T1DC consumes. Power usage effectiveness (PUE) is an indicator of data centers' electricity efficiency, and T1DC has a PUE of 1.28 (its set value), which is among the best ratios within our industry.

* With a double-decking layout, the floor where servers are located is completely separated from the floor where utilities equipment such as air conditioning and power units are located. Keeping sources of heat separate from air conditioning systems allows more efficient and highly flexible air conditioning, resulting in major reductions in electricity consumption.

Using renewable energy

By using cool external air both during winter and mid-season operations, we have implemented free cooling and high-temperature chilled water*, technologies which produce cold water without the use of refrigeration equipment. These technologies have let us make a massive cut in electricity consumption associated with using air conditioning.

We are also working to reduce our environmental impact by maximizing our use of renewable energies, such as solar power generators and geothermal heating systems.

* Chilled water has a temperature of around 14-15°C. It is better at keeping electricity consumption in check than chilled water with a temperature of 7°C that is normally used.

Contributing to low carbon emissions through standardization of energy saving metrics for data centers

At the EU-US-Japan Public-Private Trilateral Conferences held since 2009, and more broadly under the auspices of the International Organization for Standardization (ISO) since 2012, NRI has pursued negotiations to have certain data center energy conservation indicators developed in Japan set as the international standard. NRI has been acting in a principal role in this area, chairing committees at the domestic level and serving as a task force leader on international committees.

At ISO/IEC JCT 1/SC 39 General Assembly held in 2015, action was taken to formally send three of the data center energy efficiency assessment indicators proposed by Japan ("REF" for the use of renewable energies; "ITEEsv" for the energy efficiency of servers; and "ITEUsv" for IT equipment utilization for servers) to a vote of approval at a session of international standards (ISO/IEC JTC1) during this coming fall.

The Green IT Committee of the Japan Electronics and Information Technology Industries Association (JEITA) is aiming to popularize the use of DPPE*, from which these indicators originated, and as an investigation Council member, NRI has spread the benefits of DPPE to Japan and the European Union.

* Datacenter Performance Per Energy. An indicator for assessing the energy efficiency of data centers.

As part of programs by the Japan Data Center Council (JDCC), NRI has taken a leading role since the study stage in the

drafting of certification methods to be implemented for certifying the energy conservation rating of data centers.

NRI will continue to advance programs that contribute to the reduction of data centers' carbon footprints, playing a leading role as a member of relevant industry organizations.

Making a socially valuable contribution to world environmental problems through consulting activities

Joint Crediting Mechanism (JCM) initiatives

Japan is making available at a global level a new mechanism for mitigating global warming, called the Joint Crediting Mechanism (JCM). It will promote the creation of a relevant mitigation mechanism with the cooperation of governments and their agencies.

In addition to participating in the submission of government policies relating to the JCM, NRI is involved in putting together cases based on research on the feasibility of the JCM in Indonesia and Vietnam.

[Click here for more \(only available in Japanese\)](#)

Project supporting the development of a regional helpdesk platform for energy conservation

NRI has been contracted to perform the administrative functions for a project to develop a regional helpdesk platform for energy conservation. The helpdesk will provide small- and medium-sized companies with detailed assistance in every area of energy conservation, including monitoring and organizing data collected, and a PDCA cycle for measures that the companies undertake.

Other projects

Some of the other projects NRI is engaged are:

- A project to verify the feasibility of contributions by Japanese companies with superior technology in sectors where such technology can be adapted to address the effects of climate change
- Net Zero Energy Home pilot project
- Assistance for construction activities under the Top Runner Program for Building Materials

Environmental education for our executives and employees

In order to raise the environmental awareness of all our executives and employees, with the aim that NRI's business activities do not harm the environment, in fiscal 2014 NRI began an e-learning program to provide our executives and employees with a basic knowledge of environmental issues.

The program tests our executives and employees on:

- Today's environmental issues;
- The responsibility and role of companies and citizens in helping to solve environmental issues; and
- NRI's own systems and initiatives for helping to solve environmental issues, all based on the NRI Group's Environmental Policy. Around 80% of NRI executives and

employees have taken the course.

Projects Offering "Make-your-own Personal Chopsticks" environmental education workshops as community interaction events

Make-your-own Personal Chopsticks events are informal workshops where families with children in particular can learn or practice making their own personal reusable chopsticks from Japanese cypress forest thinnings. These annual events provide both an environmental education program on protecting and promoting biodiversity, as well as an opportunity for people to interact with others from the broader community. In fiscal 2014, as well as a talk on forest thinnings, a quiz on biodiversity using tablet devices was used to give the children an easy-to-learn lesson on the environment.



Projects Selecting a species of cherry tree for our new Data Center in Osaka

NRI is planting 50 cherry trees at its new Data Center in Osaka, to mark its fiftieth anniversary.

Our Environmental Activities Committee led a study into the type of cherry trees to be planted, which included hearing the opinions of professional and academic biodiversity experts.

The Committee learned that from a biodiversity perspective, trees need to be planted that match the natural vegetation of the region, so it selected Jamasakura cherry trees for planting, because these fit in well with the natural vegetation of the area surrounding the new Data Center.

Key Sustainability Performance Indicators

Accounting period

FY2014 (April 1, 2014 to March 31, 2015)

Scope of data collection and method of calculation

http://www.nri.com/~media/PDF/global/csr/greenstyle/data/150825_e.pdf

Environment load information INPUT (resources used)

INPUT		FY2012	FY2013	FY2014	Assurance	Object of data Collection
Energy resources use	Electricity (10,000 kwh)	18,497	18,134	17,261	○	*1
	Kerosene (kl)	12	31	29	○	*2
	Diesel (kl)	43	106	56	○	
	City gas (10,000m ³)	51	50	47	○	*3
	Cooling, steam, heat (x10 ³ Gj)	105	93	88	○	
Total heat (1000GJ) Total heat equivalent total		1,963	1,917	1,822	○	
Water resources	Water works (10,000 m ³)	17.5	18.4	16.3	○	*2
Paper resources	Business paper (t)	307	255	264	○	*3

Environment load information OUTPUT (impact on environment)

OUTPUT		FY2012	FY2013	FY2014	Assurance	Object of data Collection
Greenhouse gases emissions	Electricity (10,000t CO ₂)	8.2	9.5	9.2	○	*1
	Kerosene, Diesel, City Gas (10,000t CO ₂)	0.7	0.7	0.6	○	*3
Drainage for business	Volume of wastewater (10,000 m ³)	16.3	15.0	5.0	○	*2
Paper waste	Whole waste (t)	288	287	281	○	*3
	Final disposal volume (t)	0	0	0	○	
	Recycle rate (%)	100	100	100	○	
Industrial wastes	Whole waste (t)	369	257	272	○	*4
	Final disposal volume (t)	22	22	28	○	
	Recycle rate (%)	94	91.4	89.8	○	

Objects of data collection for *1~4
Environment load information INPUT (resource used) and OUTPUT (impact on environment)

NO.	Name	Explanation
*1	NRI Group	Scope of data collection for key sustainability performance indicators and the companies under II. Scope of data collection for the method of calculation
*2	NRI Group's Data Centers	Yokohama Data Center I, Yokohama Data Center II, Hiyoshi Data Center, Osaka Data Center, Tokyo Data Center I
*3	NRI Group companies with a Head Office in Japan	Scope of data collection for key sustainability performance indicators and the column for the location of head office (domestic and overseas) under II. Scope of data collection for the method of calculation is for domestic companies
*4	NRI Group Data Centers and Buildings	The Data Centers in *Two, Yokohama Center, Marunouchi Center, Kiba Center, Yokohama Minato Center, Osaka Center

Environment load information OUTPUT (Emissions by Scope)

Category		Results for FY2014 (units)	Assurance	Object of data Collection
Scope 1 emissions				
NRI Group total		0.12 (10,000 tonnes CO ₂)	○	*1
For:	Japanese offices	0.12 (10,000 tonnes CO ₂)	○	*2
	Overseas offices	— (10,000 tonnes CO ₂)	—	—
Scope 2 emissions				
NRI Group total		9.7 (10,000 tonnes CO ₂)	○	Electricity *1 Cooling, steam, heat *2
For:	Japanese offices	9.5 (10,000 tonnes CO ₂)	○	*2
	Overseas offices	0.15 (10,000 tonnes CO ₂)	○	*3
Scope 3 emission				
Category		Results for FY2014 (units)	Assurance	Object of data Collection
1	Purchased goods and services	11 (10,000 tonnes CO ₂)	○	*1
2	Capital goods	1.6 (10,000 tonnes CO ₂)	○	*1
3	Fuel- and energy-related activities	0.73 (10,000 tonnes CO ₂)	○	Electricity *1 Cooling, steam, heat *2
6	Business travel	0.43 (10,000 tonnes CO ₂)	○	*1
7	Employee Commuting	0.19 (10,000 tonnes CO ₂)	○	*1
11	Use of sold products	3.8 (10,000 tonnes CO ₂)	○	*1
12	End of life treatment of sold products	0.04 (10,000 tonnes CO ₂)	○	*1
Total		18 (10,000 tonnes CO ₂)	○	—

Objects of data collection for *1~3
Environment load information OUTPUT (Emissions by Scope)

NO.	Name	Explanation
*1	NRI Group	Scope of data collection for key sustainability performance indicators and the companies under II. Scope of data collection for the method of calculation
*2	NRI Group companies with a Head Office in Japan	Scope of data collection for key sustainability performance indicators and the column for the location of head office (domestic and overseas) under II. Scope of data collection for the method of calculation is for domestic companies
*3	NRI Group companies with an overseas Head Office	Scope of data collection for key sustainability performance indicators and the column for the location of head office (domestic and overseas) under II. Scope of data collection for the method of calculation is for overseas companies



Translation

The following is an English translation of an independent assurance report prepared in Japanese and is for information and reference purposes only. In the event of a discrepancy between the Japanese and English versions, the Japanese version will prevail.

June 26, 2015

Independent Assurance Report

Mr. Tadashi Shimamoto
Chairman and President & CEO
Nomura Research Institute, Ltd.

Kenji Sawami
Representative Director
Ernst & Young Sustainability Co., Ltd. Tokyo

We, Ernst & Young Sustainability Co., Ltd., have been commissioned by Nomura Research Institute, Ltd. (hereafter the "Company") to provide limited assurance on the Key Sustainability Performance Indicators (hereafter the "Indicators") of the Company and its major subsidiaries for the year ended March 31, 2015 included in the Company's 2014 NRI Group Report on Energy Resource Use and Greenhouse Gas Emissions (hereafter the "Report"). The scope of our work was limited to assurance over the information marked with the symbol "o" in the Report.

1. The Company's Responsibilities

The Company is responsible for preparing the Indicators in accordance with the standards based on the Japanese environmental laws. The standards refer to Data in IV. Method of Calculation of the Report.

Greenhouse gas (GHG) emissions are estimated by using emission factors, which are uncertain because the scientific ground of the factors are not established and different instruments for measuring GHG emissions have different characteristics in terms of functions and presumed parameters.

2. Our Independence and Quality Control

We have complied with the independence requirement defined in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants in March 2013, which is based on the fundamental principles of integrity, objectiveness, professional competence and due care, confidentiality, and professional behavior.

In addition, as a member of Ernst & Young ShinNihon LLC, our parent company, we maintain a comprehensive quality control system, including documented policies and procedures for compliance with ethical rules, professional standards, and applicable laws and regulations in accordance with the International Standard on Quality Control 1 issued by the International Auditing and Assurance Standards Board in April 2009.

3. Our Responsibilities

Our responsibility is to express a limited assurance conclusion on the Indicators included in the Report based on the procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements - Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standards Board in December 2003, Practical Guidelines for the Assurance of Sustainability Information, revised in December 2012 by the Japanese Association of Assurance Organizations for Sustainability Information and, in respect of GHG emissions, the International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements (ISAE 3410), issued by the International Auditing and Assurance Standards Board in June 2012.

The procedures, which we have performed according to professional judgment, include inquiries, observing processes, inspecting documents, analytical procedures, agreeing with records of basic information on the Indicators, as well as the following:

- Inquiries about standards based on Japanese environmental laws and evaluating appropriateness;
- Inspecting relevant documents with regard to the design of the Company's internal controls of the Indicators and inquiring of personal responsible thereof at the headquarters and Data Centers visited (2 centers);
- Performing analytical procedures of the Indicators at the headquarters and Data Centers visited (2 centers); and
- Agreeing to supporting documents and re-calculating with part of the Indicators at the headquarters and Data Centers visited (2 centers) visited on a test basis.

The procedures performed in a limited assurance engagement are more limited in nature, timing or extent than a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is not as that obtained if we had performed a reasonable assurance engagement.

4. Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that caused us to believe that the Indicators included in the Report have not been measured and reported in accordance with standards based on Japanese environmental laws.

Material CSR Theme 2 Providing the information infrastructure that is vital to people's lives

Quality Management

Since its founding, the NRI Group has made a commitment to quality as a key component of its management style. The Group employees recognize the gravity of its responsibility as a company providing the information systems that society relies on, as well as offering consulting services that are intimately connected to each client's management and general business activities. The sense of responsibility drives our efforts to continually enhance the quality of systems and services.

We do not simply develop information systems. The NRI Group provides total support, extending to maintenance and operation, for the systems that we produce for a variety of business sectors, including the securities, banking, insurance, distribution, and communications industries. Being important pieces of infrastructure on which society relies, any disruption that occurs to these information systems is quite likely to have a direct and serious impact on the country's economy and on people's lives.

As well as develop a high-quality system within the time and for the cost agreed with the client, another important role for the NRI Group has is ensuring the quality of our maintenance and operation of the system once it is up and running.

From this perspective, in order to increase the reliability of our information systems, we at the NRI Group are directing our efforts towards the following priorities:

- Quality management in the development of information systems
- Quality management in the maintenance and operation of information systems
- Increasing the reliability of the data centers that support the systems' operation
- Raising productivity predicated on a high level of quality

Quality management in the development of information systems

In order to achieve success in our projects for developing large-scale, complex information systems, we have incorporated into our projects a system of supervision for implementing organized risk management and project support.

Based on know-how that we have amassed through our campaigns over many years, we have developed a quality management system to raise the quality we deliver. We use the project supervision system and the results of

our [customer satisfaction surveys](#) and internal audits on quality to review our quality management system periodically in an ongoing effort to raise our standards. With the aim of raising project quality and productivity, NRI shares on its intranet the NRI Standard Framework, its guideline for standard project processes and activities, and the work to be executed in each process.

For information systems development projects that exceed a certain pre-determined size, NRI has also obtained ISO90001 certification, a quality management standard.

Quality management in the maintenance and operation of information systems

Because our maintenance and operation services for systems more often involve the provision of support by "people" rather than "technology," since 2005 we have continually promoted enhancement* service reforms, a team reorganization exercise that emphasizes our "people."

* Enhancement: the term we use to describe our maintenance and operation services for information systems. Since enhancement also includes improvements and proposals, we see it more as a full service operation providing support for our clients' entire business operations and systems.

We use a five-level system of classification to describe failures in our information systems, depending on what impact a failure has. We have a reporting process and response mechanism in place for each of these levels. We also conduct training on the methods for analyzing failures, in order to raise the skills and awareness of NRI Group employees and the employees of our business partners.

Increasing the reliability of the data centers that support the systems' operation

We have Data Center Contingency Plans in place, and have also drafted plans that anticipate how people might behave at a time of crisis, such as in a major earthquake or other natural disaster, or following a system-related equipment failure.

To strengthen our management of our operations quality, from an early stage we obtained ISO20000 certification, the international standard for the operation, maintenance, and management of IT services.

In addition in December 2014, our Tokyo Data Center I was the first data center in Japan to obtain a Management and Operations (M&O) Stamp of Approval, under a global certification scheme for the operation of data centers.

Raising productivity predicated on a high level of quality

As information systems become more complex through modification or have functions added over the years, or because their networks have grown and spread, in order to lift productivity while continuing to prioritize quality, the NRI Group undertakes production innovation programs that bring together five elements: development

methodology, system infrastructure, production infrastructure, human resources training program, and development partner training.

ISO 20000 certification history

Date obtained	Scope of the certification
December 2007	NRI Data i Tech Infrastructure total support services
March 2008	NRI Data Center Service Division (partial business)
October 2008	NRI Data i Tech Comprehensive desktop services for Nomura Securities Co., Ltd.
April 2009	Yokohama Data Centers I & II
September 2010	Osaka Data Center
April 2014	Tokyo Data Center I

Information Security Management

The NRI Group operates important information infrastructure that underpins the finance, distribution, and other important sectors of society. In order to keep services running and protect important data at all times, the NRI Group undertakes a variety of measures to prevent information security failures from happening in the first place and, in the remote event of a failure, to minimize its impact.

Information security governance structure

The NRI Group has appointed a Chief Information Security Officer, who is also a Senior Managing Director and who has developed a system of information security management for our organization as a whole. All of our divisions and Group companies have appointed an information security manager and an information security person-in-charge (PIC), who have developed a "mesh structure" that allows security measures to be undertaken on a cross-organizational basis. As well as furthering the implementation of our information security policies, our measures will enable us to respond swiftly and reliably in the event of cyberattacks and other security emergencies.

The NRI Group includes a company that specializes in conducting surveys and research into advanced information technologies, and another company that specializes in information security. NRI uses their technology, know-how, and knowledge to enhance the drafting and implementation of its information security policies.

Policies to prevent information security failures from happening in the first place

■ Adoption of rules on information security

As well as adopting our Information Security Management

Rules, Confidential Information Management Rules, Personal Information Management Rules, and Information Asset Management Rules, we have prepared summaries, guidelines, and detailed manuals for implementing each of these Rules, ensuring that our actions are consistent with them and carry out their intended effect. In fiscal year 2014, we have created 14 new rules and revised 53 rules. When we adopt new rules or revise existing rules, we also have translations prepared for our non-Japanese-speaking employees.

■ Providing information security education

For the purpose of ongoing education about security awareness, and in order to raise the level of security quality in our design and development processes, the NRI Group engages in information security education on an ongoing basis. In addition to conducting specific training tailored to the particular characteristics of our Divisions and Group companies, we arrange training for our overseas offices that can be undertaken in English and/or Chinese. We also actively incorporate group training and e-learning methods into our training programs.

■ Ensuring the security of our clients' systems

In order to lower the risk of security breaches of our clients' business data, we set rules for each project governing matters such as access to the production environment and the removal of business data from our premises as well as from our clients'. We also employ the PDCA cycle to implement a constant process of incremental improvements. The same rules also deal with the tampering of data through cyber-attacks for example, and initiatives to tackle system shutdowns. These rules are reviewed each year, with a supervisory department ascertaining their appropriateness.

We have also implemented a number of policies to ensure the security of individual clients' systems. One such policy is strengthening security measures for projects involving the storage of large volumes of personal information and of other information which if leaked would have a major impact on our clients. Under this policy we raised our action level for the relevant systems to higher than PCI-DSS*, the standard level of security employed for credit cards.

* PCI-DSS: Payment Card Industry Data Security Standard. The standard designed to secure and maintain security levels for protecting the credit card information of businesses engaged in credit payment services and payment processing information.

■ Company-wide responses to cyber-attacks

The NRI Group uses system-based defenses against cyber-attacks, such as installing anti-virus (anti-malware*1) software, hard drive encryption, and installing different security devices (such as firewalls, and IDS* 2). To protect against vulnerabilities in operating systems that are

easily exploited by attacks and other vulnerabilities such as middleware, we monitor vulnerability news daily and share this throughout our entire Group, taking action that is organized, swift, and appropriate. Recent years have seen an increase in "phishing emails"– attacks targeting a particular company or organization. Action we are taking against these include installing network behavior analysis technology;* 3, providing hands-on training to all of our employees; and conducting analyses of the malware that we receive.

* 1 Malware, or "malicious software," is a software program that upon infecting a computer automatically takes remote control of that computer, either stealing data that it stores or causing it to attack other computers.

* 2 IDS: Intrusion Detection System. A system for detecting unauthorized access to a computer or system.

* 3 Network behavior analysis (NBA) technology: Malware used in a phishing attack is often produced to target a specific company alone, which means it may not be possible for general anti-virus software to detect and eliminate it. NBA technology works by running software suspected of being malware in a highly restricted environment called a "sandbox." Checks are then made to see if the software is engaging in behavior such as information exploitation or preparatory activity to that end, and if it is, it is eliminated.

■ Personal Data Protection Statement

NRI has a Personal Data Protection Statement, and in accordance with that Policy our employees comply with the Act on the Protection of Personal Information Held by Administrative Organs; with other relevant laws and regulations; and with our Privacy Policy. NRI demonstrates flexibility in responding to changes demanded by the public, such as keeping abreast of guidelines on protecting personal information that regulatory authorities issue. The improper acquisition and use of personal information as well as breaches of personal information affect not just the economy and broader sections of the community – we are very much aware that they are human rights issues and serious invasions of privacy, and we are working to prevent such breaches and to use such information appropriately. We have introduced a personal data management registry system which is audited by the relevant supervisory department. This enables us to visualize what personal information is registered and how it is being used, which assists us in determining if personal information is being used appropriately.

■ Managing human error

We have implemented layer upon layer of defenses designed to prevent email-related problems, such as installing software that prevents emails being sent to wrong recipients, applying rigorous management of emails being sent to multiple destination, and encrypting attachment files. In projects involving the handling of

highly sensitive information, we sometimes also require employees to get their supervisor's approval before sending certain emails.

■ Policies for our domestic and overseas Group companies

The NRI Group has set certain information security protection standards, and engages in improvement drives designed to reach those standards.

We have appointed a CISO* and an information security PIC at each of our overseas Group companies, who are directing the development of an effective information security system and the drafting of an information security enhancement plan at their company. We are also putting together and expediting the rollout of "security package" infrastructure which takes local factors into consideration such as civil disorder, the power supply, and the quality of telecommunication lines.

* CISO: Chief Information Security Officer. The executive within a particular company with overall responsibility for that company's information security.

■ Strengthening management of information security at our business partners

We also undertake information security programs for our business partners. These include requiring our partners to undertake security defense measures, providing them with information sessions on security guidelines, conducting surveys on their security measures, and requesting annual reports from them on how they corrected problems found and on their security plans and programs in general. We also provide hands-on training in dealing with phishing emails for their employees who are engaged full-time on security issues.

■ Policies for minimizing the impact of information security failures

The NRI Group has rolled out a centralized information security failure management system. A feature of this system is that a failure is not just reported one-way from where it has occurred – the system employs interactive communication, which allows decisions to be made based on a bigger picture formed from a range of perspectives. As well as achieving swift and appropriate responses to an individual failure, this feature helps to extend the take-up of improvement policies throughout the company.

We have put in place a response system (which includes a Crisis Management Committee) based on the scenario of a cyber-attack. We have also drafted a Contingency Plan and conduct response training drills, helping us to be prepared for unexpected situations.

Main information security training programs (FY2014)

	No. of times held	No. of participants
For new employees	12	337
Job-specific training	7	1,396
Security training	3	141
Security training for overseas offices	1	900
Security training for temporary employees	1	2,035
Personal information (Privacy Mark) training	1	6,292
Special training for individual Divisions	3	468

Audits undertaken to ensure the security of clients' systems, and corrections taken (FY2014)

	No. of audits	No. of areas for correction	No. of corrections completed
Verification assessments conducted of project security rules	245	—*1	—*1
Audits of public Web system	34	—*1	—*1
Audits of responses to cyber-attacks, and corrections	130	16	16
Audits of live productions and development management, and corrections	137	35	35
Surveys of the use of AWS ² and making any corrections	28	11	11
Surveys of the use of BPO ³ operations and making any corrections	35	15	10

*1 No figure provided because corrections guidance was given in the course of an audit.
 *2 Amazon Web Service. The collective name for the online services provided by Amazon.com.
 *3 Business Process Outsourcing. An organization contracts an external specialist company to perform some of its business processes.

Policies for our domestic and overseas offices (FY2014)

Head office information security managers liaison group	Met 12 times
Overseas office information security promotion officers regular meeting	Held 4 times
No. of group companies and overseas offices being assessed by NRI	13 offices in Japan 10 overseas offices
No. of rollouts of information security packages for overseas offices	15 overseas offices

Audits undertaken to ensure information security at our domestic and overseas offices, and corrections taken (FY2014)

	No. of audits	No. of areas for correction	No. of corrections completed
Audits of public Web systems (domestic)	12	—*	—*
Audits of public Web systems (overseas)	2	—*	—*
Audits of responses to cyber-attacks, and corrections (domestic)	93	6	6
Audits of live productions and development management, and corrections (domestic)	104	41	41
Audits of use of AWS, and corrections (domestic)	57	30	30

* No figure provided because corrections guidance was given in the course of an audit.

Company-wide responses to cyber-attacks (FY2014)

Anti-virus software installed	On around 24,000 terminals (in domestic offices)
Danger determination made in response to a vulnerability, and sharing of and follow-through on that danger	8 times (in domestic offices)
Targeted phishing email response training	4 Conducted with 8,303 (domestic) employees in all, including employees of our business partners who are engaged full-time in security issues.

Personal Data Protection (FY2014)

No. of cases recorded in our personal information management register	Around 1,200
Departments audited	All Departments (212)

Managing human error (FY2014)

Effect of installing software to prevent emails being sent to wrong recipients	These emails cut by around 65% (compared to FY2011), by around 33% (compared to FY2013)
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Assessments of business partners undertaken (FY2014)

	No. of business partners	No. receiving correction orders	No. where corrections completed
Assessment of business partners	More than 100, including overseas partners	85 companies, for 342 corrections	85 companies, for 308 corrections

Certification on information security

ISMS ^{*1} (Information Security Management System)	Tokyo Data Center I Yokohama Data Center I Yokohama Data Center II Osaka Data Center Otemachi Cloud Control Center IT Platform Services Division (partial business) Systems Consulting Division (partial business) Data Center Service Division (partial business) Insurance Solution Division (partial business) NRI SecureTechnologies NRI Cyber Patent NRI System Techno (partial business) DSB Co. (partial business)
Privacy Mark ^{*2}	NRI NRI Netcom NRI Data i Tech DSB Co.

*1 Certification based on JIS Q 27001 (ISO/IEC 27001)
 *2 Certification based on JIS Q 15001

Information security failures (FY2014)

Information security failures	Down by around 12% (on FY2013)
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Intellectual property management

The NRI Group develops and delivers information systems, which serve as important pieces of infrastructure on which society depends, to a wide range of industries, including the securities, banking, insurance, distribution, and communications sectors. If we were to breach the patents or other intellectual property of others, this might impact on our delivery of these information systems. Alongside its efforts to avoid such infringements, the NRI Group also believes that obtaining and exploring its own intellectual property fully will enable it to offer the reliability with which it needs to supply such important infrastructure on which society relies.

From this perspective, we have put in place a proper system for managing intellectual property issues, directing our efforts towards the following priorities:

- Preventing our infringement of other people's IP rights
- Gaining legal protection for our own intellectual property, and defending and exploring those rights
- Conducting education and awareness campaigns

Management System

Our Legal and Intellectual Property Department leads the assertive management processes that we apply to the intellectual property that is generate and/or used in the course of our R&D, our project planning, and our development of information systems. We conduct reviews of new business and R&D projects as soon as possible to detect the seeds of new technologies and other new businesses, conducting patent searches and expediting our own acquisition of any legal protections. The Legal and Intellectual Property Department currently has four employees who are qualified patent attorneys.

Preventing our infringement of other people's IP rights

The following are some of the legal practices we engage in to prevent our infringement of other people's intellectual property. Our central aim is to avert such infringements in the first place.

- Conducting patent and trademark searches very early on at the R&D and/or conceptual planning stage.
- Upon becoming aware of any possibility of a conflict with someone else's intellectual property, conducting a fair investigation of the facts before developing an appropriate response.
- Conducting periodic checks to verify which software we have installed on our computers and whether that complies with the licenses we have acquired.

Gaining legal protection for our own intellectual property, and defending and exploiting those rights

The Legal and Intellectual Property Department works in close communication with our business divisions, spurring them to acquire and fully utilize the benefits of our

intellectual property, as it pursues its work in the following way:

- Acquiring patents early on in any R&D or business planning process for any ideas and technologies that arise.
- Preparing inventories of our existing patents so that they can be more actively exploited.
- Putting in place regulations and systems for managing IP issues at new domestic or overseas members of the NRI Group joining for example by way of merger or acquisition.

Education and awareness campaigns

The NRI Group works to fix the habit in our employees' minds of always seeking IP protection for ideas, such as patents and copyright. We also have a program to have our employees instinctively respect the IP rights of others, so as to avoid IP infringements. During fiscal 2014 we again held seminars throughout the NRI Group to raise employees' awareness on these matters. We are also enthusiastic supporters of industry association programs that aim to raise awareness of IP issues and to bring new energy to the information services industry through the enhanced use of intellectual property assets.

Material CSR Theme **3** Developing human resources who can generate innovation

Fair employment and human resource practices

The NRI Group's basic policies are to treat our employees' individuality and human rights with dignity and respect, and to apply fair HR practices based on individual performance and ability. Our management of human resources has three main components: assessments based on performance, outcomes, and ability; a variable work arrangement known as a "discretionary labor scheme"; and a program of employee appraisals linked to human resource development. The aims of this management system are to allow our employees to demonstrate higher levels of skills and to be treated in a manner appropriate for professionals.

The NRI Group believes that the high level of expertise that each employee has is the very foundation on which we can deliver high added value services to our clients. When our securing and training of the right professionals does not proceed as envisioned, however, those services' "progress," "trust," and "quality" decline along with our ability to meet our clients' exacting requirements every time, which could in turn have consequences for the broader community. In order to avoid such a scenario, we make our hiring and employee remuneration decisions on the basis of a considered evaluation of each individual employee's various abilities, expertise, and skills, without discriminating for example on the basis of gender.

Human rights policy

In fiscal 2014 the NRI Group drew up a human rights policy that states that we respect the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Starting with instilling our employees with knowledge of matters to be complied with as indicated in our CSR Policy and the NRI Group Code of Business Principle, NRI is working to achieve safe, sound workplace environments where fundamental human rights are respected.

[Click here for the NRI Group Human Rights Policy](#)

Our hiring practices

In addition to its annual recruiting of new graduates, throughout the year NRI hires mid-career candidates, and people with disabilities. In the information sessions it holds for potential new personnel, NRI presents facts and information about itself in keeping with the concept of RJP*.

*RJP: Realistic Job Previews. A hiring process concept involving

of being frank and open description of both positive and negative aspects of a job and corporate culture at the employer to prospective employees.

In order to expand the occasions for learning about both our industry and our company, through internships we offer an opportunity to gain exposure to our workplaces, and we also show videos that explain NRI and what we do on our graduate hire homepage, allowing those students who cannot attend our job seminars to gain a greater understanding of our company and industry.

In order to ensure that we have a diverse group of employees, NRI also actively engages in hiring human resources globally, for example by conducting recruitment campaigns overseas.

NRI and employees with disabilities

In fiscal 2014 NRI hired another eight individuals with disabilities, who made up 2.1% of our entire workforce.

11 in-house alternative health therapists (known as "health keepers" in Japanese) are being kept very busy in the massage rooms that we have installed at four of our domestic offices since fiscal 2012.

In July 2015 we established NRI Mirai, a "special subsidiary," with the two aims of further supporting the independence of our employees with disabilities, and of raising the NRI Group's corporate value (NRI Mirai's "special subsidiary" status was approved in October 2015).

In addition to NRI's past hiring of people with physical disabilities, NRI Mirai aims to expand the areas of work where people with disabilities can enjoy fulfilling employment, including people with intellectual and psychological disabilities.

NRI and female employees

Female employees accounted for 18.2% of NRI's workforce as of March 31, 2015. With respect to the promotion of female employees to managerial positions, we have set a target of doubling our fiscal 2014 percentage of female employees in senior management positions by fiscal 2022. With respect to our hiring of female employees, we have set a benchmark of 25% for our hiring of female new graduates, which we will set out to achieve methodically.

With the aim of achieving a workplace where our female employees can flourish, since fiscal 2008 the NRI Women's Network (NWN) has been developing activities with three objectives: supporting career development for women at NRI; providing support to achieve a balance between work and raising a family; and cultivating a corporate culture that is inclusive of women. One of the NWN's activities is its Annual Conference, the seventh of which was held in fiscal 2014. Around 200 employees of both genders and all ages attended, hearing talks by guest speakers and exchanging views with their fellow attendees on the Conference's theme of "What Are You Worth?"

Individual talks and training programs are also conducted on

a regular basis for those female employees who are pregnant or raising a family, as well as for their managers.

Dialogue with labor union

NRI has a union shop contract with the Nomura Research Institute Labor Union (3,709 members as of April 1, 2015). Through collective bargaining and informal meetings, NRI frequently discusses various issues with the union, including financial benefits and aspects involving human resources management and the work environment. Findings from the annual survey of employees' attitudes conducted by the Union as well as the issues that have come to light in deliberations at the Union branch meetings and seminars are reported to NRI's executive management so as to inform its drafting of HR policies.

Employment trends by type

	FY2012	FY2013	FY2014
Total number of employees	5,823	5,938	5,972
Women	1,018	1,053	1,085
(%)	17.5	17.7	18.2
Specialists and trainees	5,247	5,349	5,387
Women	666	699	730
(%)	12.7	13.1	13.6
Senior specialists	2,081	2,208	2,278
Women	98	109	124
(%)	4.7	4.9	5.4
Employees with disabilities	100	109	108
Employees with disabilities (% total)	1.9	2.1	2.1
New hires for the year	357	308	328
Women	97	83	85
(%)	27.2	26.9	25.9
Turnover (% of total)	2.7	2.4	3.2
New graduate hires retention rate after 3 years(%)	95.4	96.6	95.5
Average employment period (years)	12.5	13.0	13.4
Average salary (thousand yen)	10,712	10,911	10,892

Note: Figures are as of March 31 of each fiscal year

The NRI Group's workforce

	FY2012	FY2013	FY2014
No. of employees	7,738	8,123	9,012

Note: Figures are as of March 31 of each fiscal year

No. & percentage of NRI Group employees by region (as of March 31, 2015)

	Total	Men	Women
Overall total (no.)	9,012 100%	6,980 100%	2,032 100%
Japan (no.)	8,105 89.9%	6,439 92.2%	1,666 82.0%
Outside Japan (no.)	907 10.1%	541 7.8%	366 18.0%
Europe (no.)	12 0.1%	7 0.1%	5 0.2%
Americas (no.)	41 0.5%	23 0.3%	18 0.9%
Americas (no.)	854 9.5%	511 7.3%	343 16.9%
Of which China (no.)	374 4.2%	164 2.3%	210 10.3%

Note: Percentages are based on the overall total = 100%

Diversity

The NRI Group works to provide workplace environments where employees with the will and skills to so do can thrive, and where they can achieve a sound work-life balance.

As the number of both our employees and our Group companies grows, so too has the importance of having the right workplace environments where individual employees can thrive. If we fail to develop such environments, however, individuals can become disengaged, their mutual bonds with their colleagues break down, and the NRI Group fails to deliver increased value to its clients and the broader community. Therefore, the NRI Group is embracing the creation of strong, supportive workplace environments that support our employees' potential.

Supporting employees who are pregnant, raising young children, or caring for invalid relatives

NRI complies with the certification criteria under the Act on Advancement of Measures to Support Raising Next-Generation Children, allowing it to maintain its use of the relevant certification logo (called "Kurumin"). NRI has been working to put in place arrangements to allow employees with parental responsibilities to achieve full, assured working lives, and to communicate childcare information to all of its employees.

In fiscal 2013, based on idea developed in fiscal 2012 by an NRI Women's Network (NWN) working group, in order to introduce some flexibility into the start and finish work times of employees raising children or caring for invalid relatives, some revisions were made to our childcare and nursing care-related schemes.



Kurumin Mark

Promoting a good work-life balance

NRI has operated its company-wide Smart Work Style Campaign since fiscal 2006, to get employees to take another look at how they work so as to help them work smarter, and at the same time to find time away from work to spend in ways that enrich their life. In fiscal 2014, through initiatives controlled by employees themselves aimed at raising the quality of their lives and creating time for their self-improvement, we ran this Campaign with the goals of reducing the long hours that employees spent working and making sure that they took consecutive periods of leave.

Since fiscal 2008 we have published "NRI Wave Family," a magazine for our employees and their families to promote greater understanding of the NRI Group and to provide useful information. We also hold Bring Your Child to NRI Day!, when the children of our employees come along to see their parents at work.

Numbers of employees who took childcare leave, nursing care leave, or other similar leave

	FY2012	FY2013	FY2014
Paid maternity leave	9	9	12
Childbirth leave	56	53	65
Childcare leave	54	66	56
Of whom were male employees	7	8	9
Nursing care leave	2	3	2
Percentage of (female) employees returning to work after childcare leave	95.1	98.0	94.2
Percentage of (female) employees remaining in work after childcare leave	91.7	92.9	95.9

Note: This is the number of employees who started a period of leave by the end of the fiscal year in question.

Percentage of (female) employees returning to work: This is the number of (female) employees returning to work in the relevant fiscal year after taking childcare leave, divided by the number of (female) employees expected to return to work after taking childcare leave in the fiscal year, multiplied by 100.

Percentage of (female) employees remaining in work: This is the number of (female) employees who in the previous fiscal year returned to work after taking childcare leave and who were employed with NRI as of March 31 of the current fiscal year, divided by the number of (female) employees who in the previous fiscal year returned to work after taking childcare leave, multiplied by 100.

Percentage of employees taking annual paid leave

	FY2012	FY2013	FY2014
Percentage of employees taking annual paid leave (%)	59.0	58.6	61.7

Note: The percentage of employees taking annual paid leave is the number of days' annual paid leave taken that fiscal year, divided by the number of days' annual paid leave allotted for that fiscal year

Health and Productivity Management

Sustained growth at NRI will not be possible if its employees are not all working in full physical and psychological health. To that end, following studies we began in fiscal 2014, in fiscal 2015 we announced our "NRI Health Declaration 2022," with the aim of achieving "Health and Productivity

Management" in order to help raise our employees' quality of life (QOL). A Senior Executive Managing Director, Member of the Board has been appointed Chief Health Officer (CHO), who will be promoting this Health and Productivity Management.

NRI Health Declaration 2022

Our basic policy: Nomura Research Institute will support each of its employees in actively working to raise their long-term QOL based on an accurate knowledge and recognition of their health.

Program goals

1. Reduce lifestyle related diseases
 - Work to better employees' health through fixing and preventing their lifestyle related diseases
 - Create a system to encourage employees' prompt responding to health diagnosis results
2. Aim to create stress-free work environments
 - Prevent stress for individuals and for teams
 - Put in place a system to enable employees on long periods of leave from work to return to work as early as possible
3. Lower employee smoking rates and prevent passive smoking
 - Provide employees who smoke with support in quitting
 - Aim to create smoke-free environments, for example by re-evaluating smoking areas
4. Achieve a work-life balance
 - Cut the amount of overtime and holidays employees work
 - Encourage employees to take their paid holiday leave

Health Management

ALL NRI Group employees are instructed to get regular medical examinations and full physical examination. We have set up a system where employees can consult an occupational health physician (OHP) at a health management office within our principal offices.

Our OHPs check the results of employees' medical and full physical examinations, offering health counseling to employees when requested. If an employee's overtime work exceeds the stipulated internal levels, an appointment with an OHP becomes mandatory out of consideration for the impact on the employee's physical and mental health.

We provide all employees with a psychological health checkup every two years. Employees who receive a checkup can consult with a psychiatrist or a clinical

psychologist, and so can their families.

We have set up PraNet (Professional Assist Network), a service allowing our employees to obtain advice on a wide range of issues, including job-related ethical and compliance issues, workplace environments, and health.

In addition to a range of topic-specific internal helpdesks, we have also set up external helpdesks for example for health, as well as hotlines for work-related compliance issues and sexual harassment inquiries.

Occupational health and safety

One of the NRI Group's core policies is to provide its employees with safe, sound workplace environments. We spare no effort in initiatives to manage our employees' working hours, for putting in place proper workplace environments, and for managing our employees' individual health.

A workforce of professionals in possession of high expertise is a principal management resource for the NRI Group. Should it happen that owing to an occupational health and safety issue an employee cannot exploit the full potential of their abilities in a sound workplace, the resulting drop in productivity and/or poorer quality of outcomes may impact on our delivery of the information systems that are important foundations underpinning the society, or of the consulting services that play an important part in our clients' management and businesses.

To avoid such a situation, NRI prioritizes the following issues in its management of occupational health and safety issues:

- 1 Complying with laws and regulations on overtime work and holidays.
- 2 Eliminating long hours worked consecutively.
- 3 Ensuring that employees working long hours get seen by the occupational health physician (OHP), and having them comply with doctors' instructions.
- 4 Reducing the amount of night work that employees perform.
- 5 Ensuring that employees are disciplined about taking extended consecutive periods of leave (such as an August summer break, and "recharge"leave")

Proper workplace environment

With the aim of achieving proper work environments, NRI has set up a Health and Safety Committee and also put in place a hygiene management system in each business division. With these arrangements we are developing proper work environments appropriate to the particular business and operating processes of each business division.

Management of work hours

NRI's engagement in fair labor management practices is reflected in its adoption of internal management standards governing hours of work, night work, and holiday work in compliance with labor laws.

We have mechanisms in place to accurately monitor our employees' hours worked. At any time, supervisors can check online the hours that the employees in their charge are working, or the amount of leave that they have taken. In addition, managers are sent a list of employees who performed night work or holiday work the day after it has happened

No. of work accidents

	FY2012	FY2013	FY2014
No. of work accidents	0	0	1

Note: Number represents the number of either fatal accidents or incidents necessitating 4 or more days' leave due to a casualty accident.

Supporting career and skills development and fostering a corporate culture

"Human assets" are the foundation stone of the NRI Group – namely, its employees: individuals who possess a high degree of expertise, who work with a spirit of autonomy for goals they themselves have set, and who boldly leap at challenges to the status quo. In order to cultivate such "human assets", NRI believes it is necessary to create mechanisms and environments that cause talents to bloom and deliver in the form of outcomes at the coalface.

As Japan experiences great change, and as the rate of social change increases, it has become important to train human resources who can comfortably adapt to change. For this reason we have been implementing measures focusing on: the adoption of career fields to clarify the type of human resource we are aiming for; responding to globalization; and cultivating an innovation mindset within our company and fostering a corporate culture of innovation.

Career and skills development support framework

The NRI Group takes an active role in training its employees for fulfilling careers as professionals. The human resource development program that the Group provides to its employees incorporates three fields: training programs; self-improvement; and, most importantly, on-the-job training (OJT).

C&A Program

The C&A (Challenge & Act) Program supports the systematic and self-directed development by employees of their skill set. Under this Program specialist and trainee employees meet with their manager every six months,

to set individual goals and to assess their achievement of goals set earlier.

AHEAD* program (diagnosing the work of our Human Resources Training Program)

Once a year NRI conducts AHEAD, a questionnaire-format survey of its employees to assess its Human Resources Training Program. The survey allows supervisors and our internal organizations to gauge the impact of the guidance and training being given to junior employees. The AHEAD program serves to raise employees' awareness of the need to develop their skills.

* AHEAD is an acronym of Assist Human Expertise Ability Development.

Aspirations Program

Under this program all employees meet directly with the General Manager of the Personnel Department every six months, to discuss issues relating to current work responsibilities, the workplace environment, and the employee's future career path. This is used to support employees' self-awareness and to ensure that the right employee is assigned to the right position.

Group training

The Center for Human-Resources Development works together with the Human Resources Training Program PIC from each Division to plan and conduct training both for the entire company and for the relevant Division as suited to its particular needs. The Center and PICs also inform employees about external training programs. As well as provide full job-specific training for our entire company, the Center and PICs provide global training and training in IT and business skills. NRI has consolidated a human resource development structure which supports employees' self-directed career development, and which makes it easier for employees to map out their long-term career goals. Each of our Divisions provides training for its employees to acquire business operations knowledge and advanced IT knowledge, in line with the Division's own targets to strengthen training.

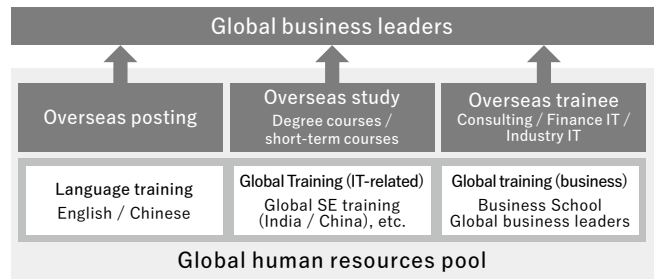
NRI's Internal Certification Program

This is a scheme that the NRI Group has created for the certification of its employees who have particularly high levels of expertise. The scheme serves as a set of signposts to help guide employees through their career. 246 employees had received certifications under this program as of April 2015.

Global human resources development

The NRI Group has a number of policies for the purposes of creating a global human resources workforce for itself, including an overseas trainee scheme, an overseas study program, and an overseas training program.

NRI's Global Human Resources Development Program



Under the overseas trainee program, NRI employees are placed with an NRI corporate client or overseas office for one year, where they get hands-on experience in global business with a focus on practical training. To date, close to 100 employees have been sent to 12 different countries around the world, and following their postings they have been active both at home and abroad.

[For more see p.33](#)

Under the overseas study program, NRI employees study, for example, for an MBA at an overseas business school. Under the overseas trainee program, some NRI employees study subjects such as management strategy and marketing at an overseas business school for several weeks, and other employees spend several months in China or India learning the basics of systems development in Chinese or English respectively.

NRI plans to build on and expand these programs even further.

Career fields (classifying different areas and levels of expertise)

As part of the C&A program, employees are urged to take on more than one career field, encompassing their current area and level of expertise. They share this information, along with their future goals, with their supervising manager. Under the revisions made in fiscal 2013, the old fields were re-defined and further sub-divided into 22 career fields that reflect industry standards, in order to better align with what our employees actually do and to clarify our professionals' image in people's minds and their categorization outside the Company. The concept of levels was also added to the fields.

Our purpose in setting career fields was to make employees aware of the need to strike a balance between "pursuing strong expertise" and "having diverse areas of expertise" that their organization demands, and to use that in their own work and career plan. In addition we are also putting in place and building up in-house training programs in line with the system of career fields, in order to advance an organized structure for our development and deployment of human resources.

New Career Fields

List of career field	
1	Corporate Strategy Consultant
2	Business Consultant
3	Systems Consultant
4	Business Strategist
5	Sales Representative/Marketing Manager
6	Project Manager (Construction)
7	Project Manager (Enhancement)
8	Application Architect
9	IT Infrastructure Architect
10	Application Specialist
11	Common Applications Infrastructure Specialist
12	IT Platform Specialist
13	IT Security Specialist
14	IT Services Manage
15	Researcher
16	Data Scientist
17	Project Management Specialist
18	Quality Control Specialist
19	Business Administration Staff
20	Corporate Management/Head Office Staff
21	Systems Engineer*
22	Consultant*

* A position for new employees within the first five years of their employment

Cultivating an innovation mindset within our employees and fostering a corporate culture of innovation

NRInnovation! Forum (NIF)

NIF is a program that we launched in fiscal 2011 to cultivate innovation in our employees' thinking and within our corporate culture. It is a forum for our employees to build networks with each other, and to discuss, explore, and raise proposals regarding internal company issues.

NIF is made up of four theme-based groups: "Human Resources Training Program", "Female professional Career Counseling; NWN (NRI Women's Network)", "Global Training,"and "Challenges". Each runs its own forums and bottom-up activities organized by employees on a volunteer basis.

Outside experts are invited to give lectures at forums, which also see shared discussions on messages from NRI President and on case studies from within and outside the organization, all of which helps deepen awareness of each NIF topic. Employees form new networks with their colleagues through these discussions. The bottom-up activities principally bring together younger employees from different divisions, while in the process serving as occasions to promote debate on issues and ideas on an ongoing basis.

Internal awards scheme

"Dream up the future" is the NRI Group's corporate philosophy, and in keeping with that the Dream up the future Awards were launched in fiscal 2004 to encourage NRI Group employees to engage in activities to "dream up the future." The awards are given in January each year.

No. of NRI Group employees who have obtained the following professional qualifications (as of March 31, 2015)

Type of Certification	Number of Certification Holders ¹
Information processing engineer (advanced) ²	2,681
IT Coordinator	174
Project Management Professional	213
ITIL Manager/Expert	53
Chartered Member of the Securities Analysts Association of Japan	224
US-certified Financial Analyst (CFA)	3
Certified Public Accountant	8
US- certified Public Accountant (CPA)	7
Certified Tax Accountant	2
Patent Attorney	6
Small and Medium sized Enterprise Consultant	37
Actuary (full & assistant)	2
First-class Registered Architect	12
Chief Telecommunications Engineer	118

¹ The number of people is the total for the entire NRI Group

² An information processing engineer (advanced) is an information processing engineer who is not an IT passport engineer, basic IT engineer, or applied IT engineer

Training expenditure on and time taken

	FY2013	FY2014
Expenditure on training (for the NRI Group as a whole) (¥ million)	1,853	1,789
Per person time spent in training (NRI employees only) (hours/person)	63	57

Development of Human Resources

With the aim of realizing our corporate philosophy of "Dream up the future", NRI has developed a range of programs that use the know-how that we have acquired through our business activities to good effect, to support the development of the human resources who will lead future generations.

[For more click here \(only available in Japanese\)](#)

Projects Nomura School of Advanced Management

The Nomura School of Advanced Management (NSAM) is a business school established in 1981 to train company managers and executives. In 2009 it became a certified public interest incorporated foundation.

[For more click here](#)

Projects **NRI Student Essay Contest**

NRI has held the NRI Student Essay Contest since 2006, to give university and senior high school students and international students an opportunity to consider how Japan and the world's future should be.

[For more click here \(only available in Japanese\)](#)

Projects **Supporting career education**

NRI provides a range of different career education programs for children and students at elementary, junior, and senior high schools. We are assisted in our development and conduct of the programs for elementary and junior high schools by the non-profit organization S.A. Net (School Advice Network). We also hold workshops and other programs for university under- and post-graduate students.

[For more click here \(only available in Japanese\)](#)

Projects **Giving lectures and talks at universities**

We send our consultants and system engineers out to universities to give lectures on topics including corporate management and IT. In fiscal 2014, in partnership with the Tokyo Geijutsu Daigaku Public Collaboration Center, we held a symposium called "Restarting Regional Japan and Fermenting Japanese Culture I," and Shiro Tanikawa, an NRI Chief Counselor, gave a talk on "Regional Economies and Culture."

Projects **Practical business training for school teachers**

At the request of the Keizai Koho Center, NRI has been running a training program for elementary, junior high, and senior high school teachers. Each year we invite a number of teachers to our Head Office with the following goals: giving the teachers a greater understanding of the culture of what corporations do in general and what they are doing in particular about environmental issues; teaching their students about their own personal experience of getting training at a corporation; and applying what they learn in how they operate their in the future.

Projects **"Let's Think About NRI and the Future"event**

We hold a forum, "Thinking About the Future," for our employees to exchange ideas with students, who represent our nation's future. In July 2014 we held "Dream up the Future Campuses" in Tokyo, Nagoya, and Osaka, where our employees mulled topics such as "What Should I Do to Work Globally?" with under- and post-graduate university students. In November we held a student workshop in Tokyo on the topic of "Thinking about Work," which got students thinking about how they viewed B2B companies and how employees worked there.

Projects **Marketing Analysis Contest**

Since fiscal 2007 NRI has held a Marketing Analysis Contest for members of the general public including

students. The aim of the Contest is to contribute to raising the level of academic research and companies' market analysis skills, by analyzing data on the factors behind consumers' purchases from a range of different perspectives. To date, numerous results from the Contests' research have been applied in academic research and practical contexts alike.

Projects **NRI hackathons**

Since fiscal 2013 NRI has held open innovation ideathons and hackathons between teams of NRI employees and teams made up of under- and post-graduate university students and members of the general public. The theme for fiscal 2014's gathering was "Event" and attracted 72 participants making up 12 teams.

Projects **NRI supports Japanese language studies at Tsinghua University in Beijing**

NRI holds the Tsinghua Nomura Cup, an annual speech contest for Chinese students studying Japanese at Tsinghua University. 12 students took part in the eighth Cup in 2014, whose topic was "Now is the time for China-Japan Cooperation."

Projects **Support for JFA's Kokoro Project**

This Project is run by the Japan Football Association (JFA) with the aim of making a contribution to children's sound psychological and physical growth. NRI is providing support for the Project in its work.

Outcomes for our development of human resources projects

	FY2012	FY2013	FY2014
No. of people enrolled in NSAM courses	199	189	196
No. of Student Essay Contest applications	1,363	1,518	883
Supporting career education programs			
No. of schools	29	35	31
No. of students	Over 900	Over 1,600	Over 1,700
Giving lectures at universities			
No. of universities	29	32	28
No. of employees sent	57	47	52

Governance

Corporate Governance/Internal Controls

NRI considers that key objective of corporate governance is to increase our corporate value by making prompt and accurate decisions for our business execution and implementing fair and efficient management, which is transparent to all our stakeholders. NRI is a company with an Audit & Supervisory Board. NRI makes effective use of Audit & Supervisory Board Members and the Audit & Supervisory Board, while building the system to further enhance NRI's corporate governance. We believe that NRI's corporate governance system, underpinned by the organizational arrangements of a company with an Audit & Supervisory Board, is functioning effectively.

Measures aimed at ensuring meaningful meetings of shareholders

[For more go to p.60](#)

Business management and execution system

As of July 2015, NRI has ten Members of the Board, including three Outside Members of the Board. Members of the Board are elected for a one-year term, creating a management system that can respond quickly to changes in the business environment and clarifying all management responsibilities for each fiscal year. By inviting Outside Members of the Board, NRI will energize the Board of Directors and realize fairer, more transparent management. In selecting these Members of the Board, NRI places particular emphasis on independence, considerable experience and the ability to provide an objective perspective on NRI's business execution.

The Board of Directors, in principle, convenes once a month and on an extraordinary basis as needs dictate. As of July 2015 the Vice Chairman, who does not engage in the execution of business, serves as Chairman of the Board. Jurisdiction and responsibility for business execution are largely delegated to Senior Managing Directors as well as Managing Directors, while the Board of Directors is responsible for decisions that become the basis for our business execution and for the supervision of business execution. NRI has established the Reward Advisory Committee, made up of the outside experts to provide advice on Members of the Board compensation.

Senior Managing Directors and Managing Directors appointed through a resolution by the Board of Directors are responsible for the execution of business based on the policies adopted by the Board. Representative directors hold a Senior Management Committee with Senior Managing Directors once a week and deliberate on the key issues for general business to coordinate our business

activities and build consensus in executing business operations.

Audit & supervisory system

NRI has five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members. In addition to participating on the Board of Directors and on other important committees, Audit & Supervisory Board Members may request reports from executives and employees to provide impartial supervision of business execution by the Members of the Board. The Outside Audit & Supervisory Board Members are selected for their ability to formulate fair opinions and to audit the Member of the Board business execution objectively, in order to maintain the impartiality and independence of the corporate auditing system.

The Audit & Supervisory Board discusses and decides on auditing policy and other important issues related to auditing, and formulate and express audit opinions. In carrying out audits, Audit & Supervisory Board Members coordinate with the accounting auditors and Internal Audit Department over such matters as receiving reports on the audit plans and current status of audits from the accounting auditors as well as the results of internal audits from the Internal Audit Department, which is responsible for promoting internal controls. In addition, the Audit & Supervisory Board Members appropriately receive internal control status reports providing information such as monitoring results on compliance with various regulations from the Risk Management Supervisory Department.

To ensure that audits are effectively conducted by the Audit & Supervisory Board Members, the Audits' Department has been established to support the work of the Audit & Supervisory Board Members. To determine the personnel for this department, the representative directors or directors responsible for personnel consult with the Audit & Supervisory Board Members, while maintaining the independence of the department.

Internal controls

In order to develop an effective internal control system for the entire NRI Group and to provide continuous improvements to the system, we have appointed a director in charge of risk management and established the Risk Management Supervisory Department. In addition, the Integrated Risk Management Committee meets to check company-wide internal control status as appropriate. The Business Promotion Committee, which each business divisions and Group companies attend, also works to ensure that the internal control system is implemented. Each of the major risks associated with our business activities is discussed and addressed by a committee with the necessary expertise as occasions arise, and is controlled by the representative department in collaboration with the business division and Group companies in an appropriate

manner.

[Click here for our Basic Policy on Building an Internal Control System.\(only available in Japanese\)](#)

Information disclosure

In order to improve management transparency and achieve accountability to shareholders, investors and other stakeholders, NRI is striving to enhance the level of information disclosure and IR functions, as well as ensuring the timely disclosure of information. To enhance the reliability of disclosure materials, we have formed the Disclosure Committee to assist in the preparation process of financial statements and financial reports and confirm their fairness. Moreover, targeting individual in investors, we hold several company presentation meetings as well as expanding the NRI website by adding pages targeting individual investors.

Executive compensation (for the fiscal year ended March 31, 2015)

	Total amount of compensation, etc.(¥million)	Basic compensation (¥million)	Bonus (¥million)	Stock options (¥million)	Other ^{*1} (¥million)	No. of eligible individuals ^{*2}
Members of the Board (excluding Outside Members of the Board)	550	292	127	127	2	8
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	86	66	17	0	1	2
Outside Members of the Board and Audit & Supervisory Board Members	84	74	8	-	0	8

*1 "Other" includes contributions for the defined contribution pension plan and insurance premium for casualty insurance.

*2 "No. of eligible individuals" is the number of eligible individuals, and not the number of individuals currently in office.

Data for Board Members in recent fiscal years

	As of July FY2013	As of July FY2014	As of July FY2015
Total number	9	9	10
No. of Outside Members of the Board	3	2	3
No. of women Members	0	0	1
No. of non-Japanese Members	0	0	0

Data for Board meetings in recent fiscal years

	FY2012	FY2013	FY2014
No. of times held	15	14	14
Average attendance by Outside Members of the Board (%)	87	97	89

* Figures are for the period from the general shareholder meeting (GSM) for the said fiscal year to just prior to the GSM for the following fiscal year.

[More details can be found in our Annual Securities Report \(for the fiscal year ended March 31, 2015\)\(only available in Japanese\)](#)

Risk Management

NRI is keenly aware of the broader social significance of its role as a company that provides a range of shared online services as well as information systems that support the business operations of our corporate clients. It regards keeping those services and systems operating securely as its great mission, and it dedicates its attention to engaging in risk management.

Risk management system

NRI places the management of its risks in the hands of its Integrate Risk Management Director and Risk Management Supervisory Department, dividing its risks into three broad categories: company-wide risks, business activity risks, and disaster/accident crisis risks.

The Risk Management Supervisory Department monitors for company-wide risks, and works with representative departments to optimize overall risk management in accordance with management's intentions.

NRI assigns a representative department and adopts relevant regulations for managing each category of business activity risk. Meetings attended by members with expertise are held as needed to deliberate the management of these risks. The representative departments work with the Business Divisions to develop an appropriate response plan and to improve the effectiveness of our management of these risks.

Under the lead of the Risk Management Supervisory Department, our plans of action for managing disaster/accident crisis risks include a response system and predetermined processes to be followed for three categories of such risks: major business failures or failings, serious data security breaches, and natural disasters and similar emergency situations.

Risk management based on an annual prioritized theme

NRI inspects and evaluates company-wide risks each year through company-wide monitoring of the state of compliance and internal audit results. Top management defines the priorities to be addressed in the following year based on these results.

In addition, risk prevention measures that are necessary to maintain operations for key businesses and services are monitored on a regular basis, as part of efforts to reinforce our BCP^{*1} and DR^{*2} programs.

*1 BCP: Business continuity plan

*2 DR (disaster recovery): Measures for recovering from disasters

FY2015 Fundamental Rules for Executive Officers and General Staff Prioritized themes

- I. Apply stricter management of project risks
- II. Continue proper management of quality risks
- III. Raise the level of quality of the operation of our Data Centers
- IV. Take our attitude for managing information security to a higher level
- V. Create supportive workplace environments
- VI. Implement an orderly approach to fulfilling our business continuity responsibilities
- VII. Strengthen the NRI Group's governance culture

Response plans for large-scale disasters, accidents and incidents, and epidemics

In the event of a disaster or accident, we will confirm that Group employees are alive and safe, protect our clients' important information systems and information assets, and endeavor to keep our operations functioning.

In order to prepare for a major natural disaster, an epidemic, or an adverse incident involving the NRI Group, the Risk Management Supervisory Department and the representative departments for the relevant risk will work together to respond as necessary. Their work also includes examining preventive action plans.

A Contingency Plan in a Handbook has been distributed to all employees of the NRI Group, for a detailed understanding of the action guidelines in case of a disaster or any other emergency. We have also developed an "emergency safety confirm system" that confirms the safety and ability to come in to work in the event of a disaster by e-mail and phone. Training is conducted each year to ensure that this confirmation process is carried out rapidly. From the perspective of safety management, this system was expanded to cover temporary employees where they have five their approval.

Crisis management

NRI has prepared a Contingency Plan containing its advance preparations in anticipation of potential emergency situations and its master systems and processes for response.

In the case of a large-scale system failure or information security breakdown, an emergency command center will be set up swiftly to coordinate with the relevant divisions and clients and to take action including failure recovery, cause investigation, informing relevant parties, and examining how to prevent a recurrence, based on the circumstances of the particular failure.

Compliance

The NRI Group strives to ensure total compliance with ethical codes and law and regulations, and to help maintain society's confidence in the Group. As a corporate member of Nippon Keidanren (Japanese Business Federation), NRI respects the spirit of the Federation's Charter for Corporate Behavior and puts it into practice.

The NRI Group's mission as a company is to earn our clients' trust so as to "prosper together with clients." To achieve this, as we state in our Code of Business Principle, "the NRI Group will observe both the letter and the spirit of the law and regulations, and we will respect social equality as well as the fair and equitable principle in its business activities. We will never have any kind of relationships with antisocial forces. The NRI Group builds mutually beneficial business relationships with its external contractors and suppliers in accordance with laws, regulations, and sound business customers." As a accompany that delivers services and systems vital to the society, NRI is very much aware that any untoward conduct on its part will have a major social impact, and it is investing resources into the prevention of such incidents through the compliance hotlines it has set up and the training and other awareness-raising programs that it has organized.

[Click here for the NRI Group's Code of Business Principle](#)

[Click here for the NRI Group's Employee's Code of Business Conduct](#)

[Click here for the NRI Group Anti-Bribery Policy](#)

[Click here for the NRI Group Competition Law Compliance Policy](#)

Compliance system

For its system of ethics and compliance, the NRI Group has appointed a Chief Ethics Officer and Compliance Office, established the Compliance Committee, and set a compliance program consisting of our corporate philosophy, Code of Business Principle, Employees' Code of Business Conduct and Compliance Rules. NRI continuously carries out training and educational activities on risk management and compliance to enhance the system and improve efficiency. Our Code of Business Principle establishes the scope of these activities and states that the NRI Group will maintain absolutely no relationship with any antisocial forces including any business activities. Representative departments are in charge of gathering information on these issues and preventing our dealing with such organizations.

With the objectives of discovering and redressing any misconduct quickly, we have set up various reporting hotlines, including some to an outside service (an attorneys' office). These hotlines receive reports and provide advice on an anonymous basis. Efforts have been taken to protect reporting parties, who are not permitted

to suffer any reprisals for making a report, such as being dismissed or having their contract cancelled. All reports are investigated, with swift action being taken in response, along with measures to prevent a recurrence.

Each year, the NRI Group selects key risks and defines the priorities that are to be addressed in the following year, based on the results of monitoring the state of compliance companywide and the results of internal audits. Defined as the priorities by top management, energy is focused on comprehensive implementation of compliance.

Information on the key rules that take priority, as well as their legal background, case studies, etc., are compiled in booklet form as the Fundamental Rules for Executive Officers and General Staff, as well as in a handy leaflet form, for distribution to all NRI Group employees each year. We undertake regular monitoring of our employees' compliance with these Fundamental Rules, and if a problem is found, Head Office coordinates with the relevant Division(s) to remedy the issue.

Compliance awareness surveys

The NRI Group surveys all of its employees on their compliance awareness every second year.

Compliance training

In addition to providing training targeting all NRI Group employees, we also hold lectures and run exercises on compliance as part of our job-specific and executive-function specific training.

Reports or requests for advice made to hotlines

	FY2011	FY2012	FY2013	FY2014
No. of reports/requests for advice made	5	17	1	6

Compliance awareness surveys completed and returned

	FY2010	FY2012	FY2014
Percentage completed and returned (for the NRI Group)	88.1	74.4	87.3

Note: Surveys are conducted every second year

Data on our compliance check testing of the Fundamental Rules for Executive Officers and General Staff (an e-learning format test)

	FY2011	FY2013
Percentage of employees completing the test (for the NRI Group)	99.5	96.1

Note: Surveys are conducted every second year

Incidents involving corruption, and measure taken

No such incidents applicable.

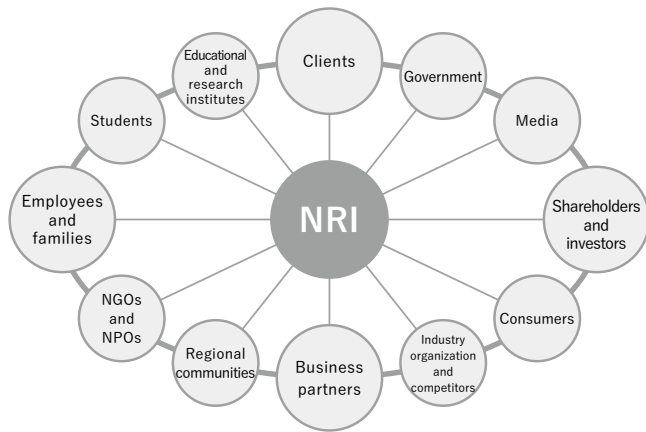
Total no. of incidents where NRI was subject to legal action for unfair business conduct (such as anti-competitive conduct or monopolistic practices), and the outcome of such incidents

No such incidents applicable.

Stakeholder Engagement

Stakeholder Engagement

NRI's stakeholders are our clients, employees and their families, shareholders and investors, and business partners, but in a broader sense, our stakeholders encompass consumers, the media, regional communities, industry organizations, competitors, governments, educational and research institutes and students as well as NGOs and NPOs. While maintaining close communication with our various stakeholders in ways suited to their particular qualities, we intend to build a better future society and stronger bonds or trust with society.



Engagement with clients

Then NRI Group aims to act with integrity in its business with clients, and it strives to fulfill its contracts and provide its clients with exactly the services they want.

Due diligence assessment of client assignments

We decide to accept an assignment from a client only after giving due consideration to both the responsibilities we would thereby be incurring, such as quality standards and deadlines, as well as to the legal, ethical, and business risks involved with the project. Specifically, we do this through:

- Conducting a credit investigation of a potential client using information from credit reporting agencies and similar sources.
- Deliberating on each individual project at the management meeting and the meetings of relevant business divisions.
- Making comprehensive assessment of a project based on factors including the long-term business potential for us, the relevant growth potential, and the project's social impact.

Holding forums for clients

We hold forums and seminars on management and social issues to assist clients with their business and operations. (See "[Surveys, recommendation projects, information communication](#)" under Material CSR Theme 1.)

Using client satisfaction surveys to raise the quality of our services

NRI surveys its clients for their satisfaction with the projects we carry out for them. These surveys serve as an opportunity for clients to make an overall evaluation of a project, and also to provide specific comments on NRI's ability to devise solutions and address the client's particular problems. The Quality Management Department compiles and analyzes the survey results to unearth any overall trends. The divisions that handled the relevant project are given the survey responses as feedback, and follow-up is undertaken along with any specific service improvement measures. This process does help us to raise the quality of our services.

Results of analysis of fiscal 2014 CS surveys

Areas receiving a favorable assessment
<ul style="list-style-type: none"> • Understanding client's needs and issues • Communication with clients • Giving clients project progress and issues reports • Specialized knowledge and technical skills relating to systems • Adherence to schedules and deadlines
Areas of expectations for improvements
<ul style="list-style-type: none"> • Greater intelligibility of manuals • Clarity of the basis for estimates and pricing

Engagement with Shareholders and Investors

The NRI Group wants to meet the expectations of its shareholders and investors by pursuing growth and profit targets that are stable and sustainable in the medium- to long-term.

It will be important to gain the trust of shareholders and investors through conscientious dialogue, and to receive an appropriate evaluation from capital markets. For that reason, taking fair disclosure as our fundamental policy, we are working to promote understanding of both our business and our medium- to long-term strategies for growth, and to add to and expand our shareholder and investor base.

Capital and dividend policies

NRI's basic dividend policy is to achieve consistency in its payments while being mindful of the need to have substantial reserves available to fund its medium- to long-term business development. For these reasons NRI has set a general target of 35% for its consolidated payout ratio,

based on factors such as its operating revenue and cash flow.

In fiscal 2014, NRI paid an annual dividend of ¥70 per share, an increase of ¥14 on the previous year.

Steps to enhance the role played by General Meetings of Shareholders

NRI is undertaking the following measures to give General Meetings of Shareholders (GSMs) a more active role and to help shareholders to exercise their voting rights.

- Setting dates for GSMs other than on multiple company GSM dates.
- In addition to sending notices of GSMs as early as possible to ensure that shareholders have sufficient time to examine proposed resolutions, posting the proposals on NRI and the Tokyo Stock Exchange's websites even before notifications are sent out.
- Sending GSM notices electronically to those shareholders who have agreed to this method.
- Offering (summary) GSM notices in English.
- Offering individual investors the option of voting online, through the trust bank that is a shareholder registry administrator.
- Offering domestic and overseas institutional investors the option of voting using Investor Communications Japan's (ICJ) electronic voting platform.
- Following the conclusion of a GSM, an information session held by senior management for shareholders in order to increase their understanding of the Group's businesses.

Augmenting direct communication with shareholders and investors

With the aim of expanding our investor base, NRI is working to advance greater understanding of its business activities and strategies for growth through direct forms of communication.

- Holding information sessions and meetings for institutional investors and analysts both in and outside Japan – through this we engaged with a total of 548 investors and analysts in fiscal 2014.
- Participating in forums for Japanese and non-Japanese institutional investors – in fiscal 2014 we participated in four such forums held in Tokyo.
- Holding information sessions for retail investors – through these sessions held in Tokyo (twice), Sapporo, and Nagoya, we engaged with a total of 559 such investors in fiscal 2014.

Conducting shareholder surveys

As part of our communication with shareholders, NRI surveys its shareholders for their opinions.

- We conducted 2 surveys in fiscal 2014.
- The first survey asked shareholders for their reason for buying NRI shares; the main way they received

information about NRI; and what their portfolio policy was. This survey was sent to 12,539 shareholders, of whom 1,968 (15.7%) responded.

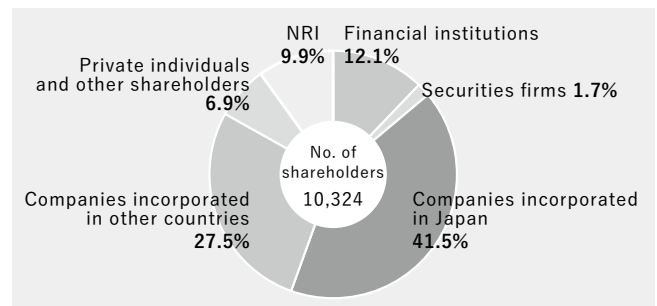
- The second survey asked shareholders for their views on the layout of our bulletin for shareholders Letter from NRI. This survey was sent to 11,887 shareholders, of whom 2,256 (19.0%) responded.

Providing appropriate information disclosure

For improved transparency in its management, and in order to fulfill its accountability to its stakeholders including its shareholders and investors, NRI strives to achieve both timely disclosure and more comprehensive information disclosure and IR practices.

- We disclose information for the purpose of ongoing communication with our shareholders and investors.
- We have set up a Disclosure Committee to improve the credibility of the data we disclose. The Committee checks the company's procedures for preparing data to be disclosed, and also checks that our disclosed data is appropriate.
- As well as publish our financial results promptly under Investor Relations on our website, we have created a new website just for individual investors, to increase their understanding of the information we disclose and to help these investors get more out of it.

Breakdown of NRI shareholders (as of March 31, 2015)



Engagement with Business Partners

The NRI Group believes that its business is built on collaboration with its business partners such as its external contractors and suppliers. For that reason, the NRI Group's basic policy is to build business relationships that comply with both the law and sound business practices, to the benefit of both parties.

In order to maintain the services that it delivers that act as foundations for the society, it is essential that the NRI Group continues to have good relationships with its business partners, and to grow together as partners.

To that end the NRI Group:

- Shares its management policies with its business partners.

- Provides information and opportunities for its business partners to grow together with the NRI Group.
- Provides rules and procedures to maintain a sound operating environment with its business partners, which it also monitors periodically.

Building strong and equitable business relationships

Before embarking on business with a potential partner, we conduct a comprehensive assessment of the company, investigating among other matters its technological capabilities; the quality, delivery timeframes, and cost of its products and/or services; its human resources and its organizational structure; its financial position; and its compliance and information security management initiatives. With a potential overseas partner, we conduct such additional investigations as required by law, for example those demanded by the Foreign Exchange and Foreign Trade Act.

We also sign "e-partnership" agreements with companies that possess particularly sophisticated operational know-how and IT capabilities. We work closely with these businesses on project management to ensure thoroughness in their information security management and to improve their levels of quality management, as well as to provide assistance with their human resources development. As of March 31, 2015, we had seven such e-partners in Japan and two in China.

To ensure fair and sound business relationships with its partner companies, the NRI Group forbids all its employees from abusing NRI's dominant bargaining position, in accordance with Japan's Anti-Monopoly Act. In addition, NRI checks with its persons responsible for projects on NRI's compliance with the Act against Delay in Payment on Subcontract Proceeds, etc. to Subcontractors (the "Subcontractor Payment Act"). Lastly, NRI informs its partner companies in writing that it does not accept gifts or other services, and also works to instill this policy in its employees' minds.

The partner companies engaged in business with NRI employ just over 14,000 employees between them, and around 46% are full-time at NRI's facilities. In order to govern situations where we are performing operations with the involvement of these partner company employees, NRI has devised Subcontracted Operations Guidelines to maintain appropriate conditions for operations involving subcontractors. In addition, having the employees of subcontracting agreement partner companies work in separate locations away from our own employees is an endeavor we are undertaking to prevent "sham contracting," as this could arise if NRI employees were to give orders or instructions directly to partner company employees. We voluntarily and diligently inspect our practices each year.

Projects for prospering hand in hand with partner companies

When the NRI Group outsources part of the operations for a project to a partner company in or outside Japan, the status of the outsourced processes as a whole, along with any issues and anticipated risks, are identified during regular joint meetings of the project team and responsible officers. With our principal partner companies, quality management officers from both sides also meet regularly, and aim to ensure and raise quality levels.

The NRI Group is engaged in enhancement services reforms* to further improve quality and productivity. We are undertaking these activities in each project on an ongoing basis in collaboration with our e-partners and other partner companies. In fiscal 2008, we set up a system for certifying "extended e-partners" ("e-e partners") for their ability to undertake enhancement service reforms for their company as a whole and not just for specific projects with us. As of March 31, 2015, we have three e-e partners in Japan.

* For our specific enhancement services, see the section on Quality Management in Material CSR Theme 2.

We offer training sessions to our partner companies that feature the NRI Group's own original content. Covering topics including project management, quality management, and systems engineer education, the goal of the session is to achieve efficient and seamless collaboration on systems development.

This training also serves as an opportunity for the development of our partner companies' human resources. In fiscal 2014 we ran 31 sessions on 48 occasions, which were completed by a total 170 employees from 19 of our partner companies.

NRI invites senior managers of its business partners to the NRI Group Management Seminar that it holds each year, and where it shares its management policies and priority policies for that fiscal year. In fiscal 2014, 234 senior managers from 114 of NRI's business partners in Japan and overseas attended the Seminar.

In addition, as members of the information services industry we invited our business partners to attend study sessions on CSR, which we launched in fiscal 2014. We held three such sessions this fiscal year, attended by six individuals from four of our partners.

Promoting offshoring*¹

Our offshore partner companies now account for around 40% of the total number of operations we outsource for developing systems. The number of Chinese partner companies in our IT solutions business stands at 19 companies in 21 regions as of March 31, 2015.

The NRI Group is proceeding to diversify its outsourcing destinations. It is moving to press forward with its offshoring in China not just in its larger cities such as Beijing and Shanghai but also in regional bases in China, in collaboration with its Chinese partner companies. NRI is

also proceeding with "nearshoring"^{*2} in Japan itself, as well as offshoring in Southeast Asia as a "China + 1" strategy.

*1 Offshoring: Outsourcing software development and systems development to companies and subsidiaries overseas.

*2 Nearshoring: Outsourcing software development and systems development to companies and subsidiaries in more remote domestic locations.

Ensuring information security at our business partners

To ensure that its partner companies provide the same level of security, the NRI Group requires them to sign confidentiality agreements and memoranda on the handling of personal information. In addition, NRI requests that they comply with its Security Guidelines, and also checks regularly on their companies.

Recent trajectory of NRI's spending on outsourcing to Chinese partner companies

	FY2012	FY2013	FY2014
(in¥ billion)	169	213	231

GRI Index

GRI Index

This report is prepared in accordance with the Core option of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.

Standard Disclosures

Standard Disclosures	Reference	ISO26000 Sub-clause
Strategy and Analysis		
G4-1	A 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. P5-8 Message from the President	6.2 Organization governance 7.4 Practices for integrating social responsibility throughout an organization
Organizational Profile		
G4-3	The name of the organization. Integrated Report 2015 P2-7 About NRI	7.3.3 An organization's sphere of influence
G4-4	The primary brands, products, and services. Integrated Report 2015 P67-128 Consolidated Financial Statements	
G4-5	The location of the organization's headquarters. Integrated Report 2015 P130 NRI Group	
G4-6	The 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. Integrated Report 2015 P131 Corporate Data Services and solutions	
G4-7	The nature of ownership and legal form.	
G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	
G4-9	The scale of the organization. • Total number of employees • Total number of operations • Net sales (for private sector organizations) or net revenues (for public sector organizations) • Total capitalization broken down in terms of debt and equity (for private sector organizations) • Quantity of products or services provided	
G4-10	a The total number of employees by employment contract and gender b The total number of permanent employees by employment type and gender c The total workforce by employees and supervised workers and by gender d The total workforce by region and gender e 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 f Significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries) P49 Employment trends by type P49 The NRI Group's workforce P49 No. & percentage of NRI Group employees by region	
G4-11	The percentage of total employees covered by collective bargaining agreements. P49 Dialogue with the labor union	6.3.10 Fundamental principles and rights at work 6.4.5 Social dialog
G4-12	The organization's supply chain. P60-62 Engagement with business partners	7.3.3 An organization's sphere of influence
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain. • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	
G4-14	Whether and how the precautionary approach or principle is addressed by the organization. P38-42 Environmental protection	6.5.2 The environment: Principles and considerations
G4-15	A list of externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses. Not applicable	7.8 Voluntary initiatives for social responsibility
G4-16	A list of membership of associations (such as industry associations) and national or international advocacy organizations in which the organization: • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic Vice Chairman of Japan Information Technology Services Industry Association (JISA)	

Identified Material Aspects and Boundaries			
G4-17	<p>a All entities included in the organization's consolidated financial statements or equivalent documents</p> <p>b Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report</p>	<p>Annual Securities Report (for fiscal year 2014 ended March 31, 2015) (only available in Japanese) P7-8 Information concerning the affiliated entities</p>	<p>7.3.2 Determining relevance and significance of core subjects and issues to an organization</p> <p>7.3.4 Establishing priorities for addressing issues</p>
G4-18	<p>a The process for defining the report content and the Aspect Boundaries</p> <p>b How the organization has implemented the Reporting Principles for Defining Report Content</p>	<p>P11-12 Materiality P13-14 Materiality Assessment Process</p>	
G4-19	A list of all the material Aspects identified in the process for defining report content		
G4-20	<p>For each material Aspect, report the Aspect Boundary within the organization, as follows:</p> <ul style="list-style-type: none"> Whether the Aspect is material within the organization If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: <ul style="list-style-type: none"> The list of entities or groups of entities included in G4-17 for which the Aspect is not material or The list of entities or groups of entities included in G4-17 for which the Aspect is material Specific limitation regarding the Aspect Boundary within the organization 	<p>P3-4 Editorial policy Integrated Report 2015 P130 NRI Group</p>	
G4-21	<p>For each material Aspect, report the Aspect Boundary outside the organization, as follows:</p> <ul style="list-style-type: none"> Whether the Aspect is material outside of the organization If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified Specific limitation regarding the Aspect Boundary outside the organization 	<p>P59 Stakeholder Engagement Integrated Report 2015 P2-7 About NRI</p>	
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Not applicable	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Not applicable	
Stakeholder Engagement			
G4-24	A list of stakeholder groups engaged by the organization	P15-17 Stakeholder dialogues	<p>5 Recognizing social responsibility and engaging stakeholders</p> <p>7.5 Communication on social responsibility</p>
G4-25	The basis for identification and selection of stakeholders with whom to engage	<p>P18 Multi-stakeholder engagement initiatives P48-49 Fair employment and human resource practices P59 Stakeholder engagement P59 Engagement with clients P59-60 Engagement with shareholders and investors P60-62 Engagement with business partners</p>	
G4-26	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process		
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. The stakeholder groups that raised each of the key topics and concerns.		
Report Profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	P3-4 Editorial policy	<p>7.6 Enhancing credibility regarding social responsibility</p>
G4-29	Date of most recent previous report (if any).		
G4-30	Reporting cycle (such as annual, biennial).		
G4-31	The contact point for questions regarding the report or its contents.		
G4-32	<p>a The "in accordance" option the organization has chosen</p> <p>b The GRI Content Index for the chosen option</p> <p>c The reference to the External Assurance Report, if the report has been externally assured</p>	This Index Table	
G4-33	<p>a The organization's policy and current practice with regard to seeking external assurance for the report</p> <p>b The scope and basis of any external assurance provided if not included in the assurance report accompanying the sustainability report</p> <p>c The relationship between the organization and the assurance providers</p> <p>d Whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report</p>	<p>P42 Independent Assurance Report P69 Endorsement P70-71 The third-party opinions</p>	
Governance			
G4-34	The governance structure of the organization, including committees of the highest governance body. Committees responsible for decision-making on economic, environmental and social impacts.	<p>P55-56 Corporate governance/internal control Integrated Report 2015 P36-43 Corporate Governance Basic Policy on Building an Internal Control System(only available in Japanese)</p>	<p>6.2 Organizational governance</p> <p>7.4 Practices for integrating social responsibility throughout an organization</p>

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 philosophy NRI Group's Code of Business Principles NRI Group Employees' Code of Business Conduct	6.2 Organizational governance 7.4 Practices for integrating social responsibility throughout an organization

Specific Standard Disclosures

Material Aspects	DMA and Indicators	Reference	ISO26000 Sub-clause
Material CSR Theme 1. Building a sustainable society for the future			
	DMA	Disclosures on management approach.	P20-24 Material CSR Theme 1
Economic Performance	EC1	Direct economic value generated and distributed.	P9 NRI Group's Businesses and Value Creation Process Integrated Report 2015 P22-23 Financial and Non-financial Highlights Integrated Report 2015 P52-53 Subcontracting Costs Integrated Report 2015 P105 Selling General and Administrative Expenses
	EC3	Coverage of the organization's defined benefit plan obligations	Integrated Report 2015 P93-96 Retirement and Severance Benefits
Indirect Economic Impacts	EC8	Significant indirect economic impacts, including the extent of impacts.	P20-24 Material CSR Theme 1 P37 Surveys, Recommendation Projects, Information Communication P37-38 Supporting disaster rebuilding P38 Development of Society P53-54 Development of Human Resources
Local Communities	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	P37-38 Supporting disaster rebuilding P38 Development of Society P53-54 Development of Human Resources
	SO2	Operations with significant actual and potential negative impacts on local communities.	P39 NRI's Data Centers' strong Environmental Performance
Materials	EN1	Materials used by weight or volume.	P41 Environment load information INPUT (resources used) : Paper resources
Energy	EN3	Energy consumption within the organization.	P41 Environment load information INPUT (resources used) : Energy resource use
	EN6	Reduction of energy consumption.	P41 Environment load information INPUT (resources used) : Energy resource use
	EN7	Reductions in energy requirements of products and services.	P24 Using NRI's shared online systems cuts CO₂ emissions
Water	EN8	Total water withdrawal by source.	P41 Environment load information INPUT (resources used) : Water resources
Emissions	EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	P41 Environment load information OUTPUT (Emissions by Scope)
	EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	
	EN17	Other indirect greenhouse gas (GHG) emissions (Scope3)	
	EN19	Reduction of greenhouse gas (GHG) emissions.	P41 Environment load information OUTPUT (impact on environment) : Greenhouse gas emissions
Effluents and Waste	EN22	Total water discharge by quality and destination	P41 Environment load information OUTPUT (impact on environment) : Drainage for business
	EN23	Total weight of waste by type and disposal method	
Material CSR Theme 2. Providing the information infrastructure that is vital to people's lives			
	DMA	Disclosures on management approach.	P25-29 Material CSR Theme 2
Procurement Practices	EC9	Proportion of spending on local suppliers at significant locations of operation.	P61 Promoting offshoring

Products and Services	EN27	Extent of impact mitigation of environmental impacts of products and services.	P24 Using NRI's shared online systems cuts CO₂ emissions	6.5.5 Climate change mitigation and adaption
	EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	P41 Environment load information OUTPUT (impact on environment) : Waste paper P41 Environment load information OUTPUT (impact on environment) : Industrial wastes	6.5.4 Sustainable resource use
Anti-corruption	SO4	Communication and training on anti-corruption policies and procedures	P57-58 Compliance	6.6.3 Anti-corruption
	SO5	Confirmed incidents of corruption and actions taken.	P58 Incidents involving corruption, and measures taken	
Anti-competitive Behavior	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	P58 Total no. of incidents when NRI was subject to legal action for unfair competition, and the outcome of such incidents	6.6.5 Fair competition
Customer Health and Safety	PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	P43-44 Quality management P44-46 Information security management	6.7.8 Access to essential services
	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.	P46 Information security failures	
Product and Service Labeling	PR5	Results of surveys measuring customer satisfaction.	P59 Results of analysis of fiscal 2014 CS surveys	
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	P46 Information security failures	6.7.7 Consumer data protection and privacy
Material CSR Theme 3. Developing human resources who can generate innovation				
	DMA	Disclosures on management approach	P30-34 Material CSR Theme 3	7.3.2 Determining relevance and significance of core subjects and issues to an organization 7.3.4 Establishing priorities for addressing issues
Employment	LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	P49 Employment trends by type	6.4.3 Employment and employment relationships
	LA3	Return to work and retention rates after parental leave, by gender.	P50 No. of employees who took childcare leave, nursing care leave, or other similar leave	6.4.4 Conditions of work and social protection
Occupational Health and Safety	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.	P51 No. of work accidents	6.4.6 Health and safety at work
Training and Education	LA9	Average hours of training per year per employee by gender, and by employee category.	P53 Training expenditure and time taken	6.4.7 Human development and training in the workplace
	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	P51-53 Supporting career and skills development, and fostering corporate culture	
Diversity and Equal Opportunity	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.	P49 Employment trends by type P49 No. & percentage of NRI Group employees by region P56 Data for board members in recent fiscal years	6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work
Labor Practices Grievance Mechanisms	LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	P50-51 Health management P58 Reports or requests for advice made to hotlines	6.3.6 Resolving grievances

Endorsement Third-Party Opinions

Endorsement

—Third Party Confirmation of NRI's Reporting Process—

The Caux Round Table Japan (CRT Japan) herewith confirms that Nomura Research Institute, Ltd. (NRI) fully understands the Sustainable Navigation framework (see figure below), and with that background understanding has participated in the Stakeholder Engagement Program (Human Rights Due Diligence Workshop) run by the Nippon CSR Consortium and engaged in discussions with NGOs and other companies in its industry about the association between human rights issues and global risk, in accordance with the publication Human Rights Issues by Sector v. 2. CRT Japan confirms that NRI has accordingly deepened its understanding of the connection between business and human rights, as well as of the specific contexts in which human rights violations can arise (Steps A & B).

We also confirm that having identified and scrutinized its Materiality (Step C), NRI has mapped its existing initiatives and engaged in dialogues with stakeholders and experts (Steps F & G).

Lastly we confirm that it is proceeding with CSR initiatives within a global context, such as the formulation



Hiroshi Ishida

Executive Director
Caux Round Table Japan



of a "The NRI Group's Human Rights Policy," a "NRI Group Anti-Bribery Policy," and a "NRI Group Competition Law Compliance Policy," and is participating in a carbon disclosure project (CDP) (Steps H & I).

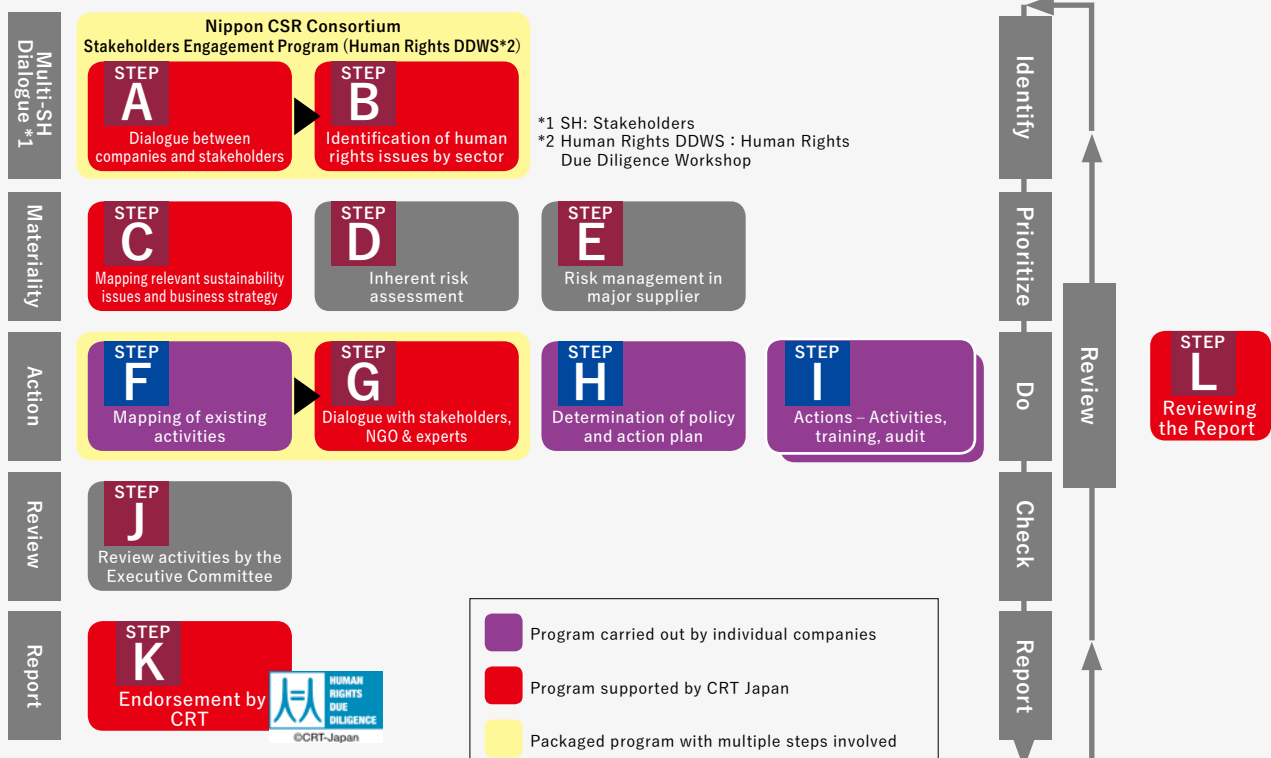
We expect NRI to further drive practical and effective activities in keeping with its Materiality, which could also lead to a rise in its international standing.

Sustainable Navigation

Sustainable Navigation, a framework developed by CRT Japan, highlights the initiatives that will be required to implement CSR activities in compliance with global standards. Using Sustainable Navigation allows companies to ascertain the limits of what is possible

and how they should act in the future, and to carry out CSR activities that constantly evolve over time to best effect.

* For details of Sustainable Navigation, see the [Caux Round Table Japan website](#).



Third-Party Opinions

I am pleased to provide a third-party opinion as follows regarding Nomura Research Institute, Ltd.'s CSR activities and reporting of information, from a standpoint of systemizing CSR practices at private corporations and CSR theory developed at universities and academic forums.

Praise

Reporting through four different forms of media ensures effective information disclosure

In 2015 Nomura Research Institute, Ltd. (NRI) marked its first half-century in existence. It also announced and launched Vision 2022, its next long-term management plan to set the stage for its next fifty years. In its Integrated Report 2015 it is possible to see NRI's spirit of constancy combined with change (keeping what should be kept, and changing what should be changed), which lies behind Vision 2022.

NRI's principal areas of business are research and consulting, and the designing, development and operation of information systems. It therefore needs to be constantly attentive to new trends and changes and to take initiative in dealing with the challenges thrown up by innovation. NRI's spirit of enterprising is embodied in its "Committed to Principles," which will drive transformation in society.

While placing importance on "progressive," which lets NRI lead the times, it gives top priority to its clients as the important stakeholders who are the backbone of its business. It also works to strengthen the "trust" of those clients, ranking "quality" as a core competence, and it creates a synergy of all three elements. NRI combines this stance of "Determined to Innovate" with its "Committed to Principles," linking these to how it pairs sustainability with profitability as the business strategy that gives it a competitive advantage.

NRI has a business model for sharing value, the aim of its Vision 2022, which is both unconventional and excellent, employing a variety of media including its Integrated Report 2015, print and digital versions of its CSR Report 2015, its CSR Book, and its CSR Activities File.

NRI has "visualized" its PDCA management cycle for its three material CSR themes.

In last year's print and digital versions of NRI's CSR Report 2014, I suggested that it disclose information on the Act segment of its PDCA cycle. I see that in this



Junichi Mizuo, Ph.D.

Professor, Graduate School of
Surugadai University
Vice Chairman, Japan Society for
Business Ethics Study

year's Report, its PDCA cycle has been "visualized" with respect to its three material CSR themes as Impact = NRI's Approach = Topics = Future Issues. This has made clearer the compass which acts as a common vector for the whole NRI group, and I can expect that this will further advance its CSR activities for solving issues affecting its departments and employees.

Points to look forward to

A report focusing on "employee activities"

One of the objectives of a CSR Report is to invigorate the relevant organization through the sharing of information between its employees. An activities report that focuses on people could be expected to deliver benefits linked to greater information sharing between employees and a re-invigorated organization.

One of NRI's three material CSR themes is developing human resources who can generate innovation. As a human resources strategy, the importance of training "human assets" has also been pointed out.

From this perspective, in addition to a "completeness" report on a corporation's initiatives - which is also important when preparing a CSR Report - I believe that a report which focuses on activities by employees, and provides a close-up on the corporation's "people", who will be the ones undertaking future actions nominated as material themes, will also be effective for the organization's internal sharing of information.

In terms of the significance of clearly spelling out its stance of placing importance on human assets as its human resources strategy, it is my sincere hope that NRI will drive a deepening of innovation at the level of its organization by letting its activities reports evolve into documents that focus on the people engaged in solving the issues involved in its Materiality.

Third-Party Opinions

Praise

Unchanging commitment to "Dream up the future"

This year marks fifty years since NRI was founded. It has declared its active pursuit of innovative change for society through its business activities, and its belief in the need to continue its missions of "progressive," "trust," and "quality" through the motto of "Determined to Innovate, Committed to Principles." Its Message from the President makes it clear that for the next fifty years also it will be working to realize "Dream up the future," the NRI Group's corporate philosophy, by creating new value through its business activities. It is a powerful message of unchanging commitment from the upper echelons of NRI's management.

When it comes to initiatives for CSR, within the areas where NRI can make a contribution to solving some of the issues facing society, it is developing activities in keeping with its three material CSR themes of building a sustainable society for the future; providing the information infrastructure that is vital to people's lives; and developing human resources who can generate innovation, which it has stipulated as the areas where it should particularly focus its efforts. In its reports NRI has described not just the content of its activities, but also its approach to each of these themes as well as the future challenges they incorporate. Its reports clearly state NRI's strategies and future direction.

Concerning specific activities, in addition to playing a part in designing new national systems such as Japan's My Number system and in operating programs that make use of information systems, NRI is continuing to expand the shared online services that it offers in which it has put so much of its energies to date. As a result, as well as reduce the cost of systems for entire industries and let companies enjoy reductions in their indirect costs through greater efficiencies in back-office operations, NRI is also contributing to reducing CO₂ emissions for the country as a whole. In addition, by jointly undertaking development and testing projects with its corporate clients that bring together cutting-edge technology with existing equipment and systems, it is finding practical applications for such technologies to return benefits to society.

With respect to its environmental responses, as the rapid spread of ICT devices pushes up electricity consumption, NRI is putting systems in place for promoting environmental management based on global criteria. In addition at its Data Centers, which account for around 80% of the electricity that NRI consumes in its businesses, with its adoption of a double-decking layout and its use of combinations of different energy-saving technologies, NRI is working to massively cut its electricity consumption. Lastly, with respect to getting data



One Akiyama

President
Integrex, Inc.

center energy-saving indicators developed in Japan adopted as international standards (a project which NRI has been pursuing for some time), there are signs of some results being achieved through its efforts, with the wheels in motion on votes to give that status to three of these indicators.

Further expectations

Increasing the return to society as a whole by committing to risk measures

With the spread of cloud computing, the harnessing of big data, and the growth of the internet of things, information technologies and information systems are constantly evolving. While at the same time returning more and more benefits to people's lives and companies' activities, this evolution also means increasingly broad risks to the community in the form of data theft and system failures. As information technologies and systems evolve at a dizzying pace, we are also witnessing major wrongdoing and scandals around the world, where people's information is being manipulated and falsified through the arbitrary judgments or self-serving objectives of the people handling that information, and it is such events that leave society feeling cheated and people betrayed.

Developing responses that anticipate every possible scenario, including major natural disasters and disruptions to systems-reliant facilities, and that leave information systems unscathed to keep society going, will be all too needed from now on. For today's communities, however, that have come to rely on sophisticated information systems, whatever contingency measures or management plans are prepared, the risk will still remain that an information system itself will stop functioning, as will the risk fabricated by individuals with responsibility for people's data who take it on themselves, maliciously or arrogantly, to abuse their power.

I have strong hopes that NRI, while hardening "fundamental," will commit eagerly to developing responses to these risks in the "proactive" domain also, with the aim of "Dream up the future." I believe that this will allow it to make even greater contribution to expanding the benefits returned to society as a whole, and therefore to building communities that are safe and secure.

Response to third-party opinions in CSR Report 2014

In last year's third-party opinions, Professor Mizuo noted that "In the future this is expected to clarify what was improved over the course of a year as a result of the company's CSR activities to resolve these issues." We have endeavored to address this point under "Issues for the future" in Material CSR Themes, or alternatively in the Topics sections. In our CSR Activities and Data Files also, we have provided fuller information about environmental impacts, and reported points of improvement in fiscal 2014, for example how we arranged for "independent third party guarantees."

Ms. Akiyama felt that with respect to employees, be they permanent employees or employed on some other basis, "the diversity of individuals' sense of values, and the fact that these can be at cross-purposes with a company's policies, have become both the backdrop to and the cause of problems that threaten information security." In response she pointed out the importance of establishing "information security in terms of both hard aspects (mechanisms) and soft aspects (individuals' minds and feelings)." Our efforts to address these points are ongoing, and involve, for example, our President and CEO's dialogues with our employees. Our other endeavors in this regard will extend to promoting Health and Productivity Management practices, advancing diversity, and reforming our human resources management practices.