

Corporate Social Responsibility

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Dream up the future.

Dreaming up the future

The NRI Group is committed to gaining insight
into the social paradigms of the future
and creating new business models.

Amid today's rapid changes that are making
the future difficult to foresee, we aspire to open the
path toward a bright future with a close and
firm grasp of the developments in society.
To achieve this goal, we hope to make its
contribution to the world by creating new values.
The NRI Group moves forward as a company,
taking on challenges unrelentingly and
“dreaming up the future” for our society.

Editorial Policy

* Stakeholders:

Clients, employees, consumers, local citizens and other persons who are directly and indirectly engaged in NRI activities.

Nomura Research Institute, Ltd. (NRI) has issued CSR reports since 2005 to engage with stakeholders* and build an understanding of the Group's CSR efforts.

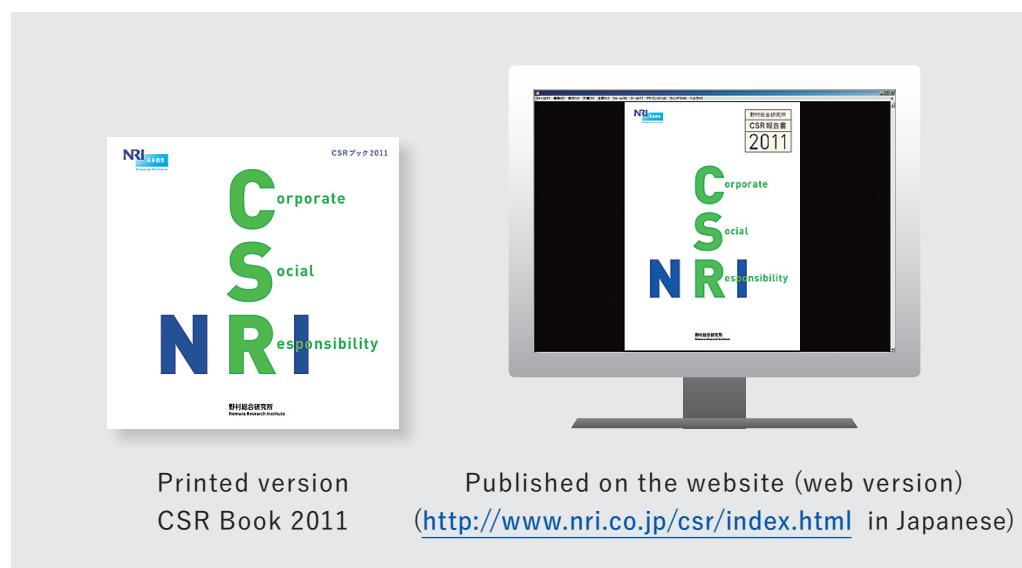
CSR Report 2011 is available as a printed version (CSR Book 2011) and a web version.

CSR Book 2011 offers information of great interest to our stakeholders, as well as information on activities that the NRI Group wishes to spotlight in particular, in an easy-to-understand format.

For the web version, we report in accordance with the Global Reporting Initiative (GRI) G3.0, and self-declared the report to the GRI Application Level C. It has been produced with attention paid to third-party opinions given by external experts in order to ensure an objective assessment of the report content.

NRI conducted its "CSR Materialities Survey" in 2009 and identified key CSR priorities that the NRI Group must address. CSR Report 2011 extends to an explanation of the important priorities of CSR, as well as concrete measures to be implemented.

The NRI Group undertakes CSR activities, convinced that it is vital that the Group fulfill its social responsibilities through its core businesses. CSR activities in our core businesses are featured not only in the CSR Report but also on the website (See "CSR Activity File" on the website) as occasion arises.



Organization

This report focuses on NRI's activities, but also covers some activities of the entire NRI Group and Group companies.

Period covered by this report

This report primarily covers fiscal 2010 (April 1, 2010 through to March 31, 2011), but also addresses some events from the past, some activities after April 1, 2011 and certain plans for future activities.

Web version publication date

September 2011 (the previous report was published in September 2010, and the next report is scheduled for publication in September 2012).

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 acquired as of September 2011, the date of publication of CSR Report 2011. Business results and events may accordingly differ from plans or projections.

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Contents

Preface (Corporate Philosophy/Editorial Policy)	2
Message from the President	6
The NRI Group's CSR Policy	12
Key CSR Priorities	16
Proactive CSR	19
Fulfilling our responsibilities to society through our business activities	
The NRI Group's Businesses	20
NRI Vision 2015—Our Long-Term	21
Research and Development	23
Fundamental CSR	28
Building relationships of trust with society	
Corporate Governance/Internal Controls	29
Risk Management	33
Compliance	37
Quality Management	41
Information Security Management	50
Intellectual Property Management	55
Environmental Protection	58
NRI's Unique Contributions to Society	67
Striving for social contributions that reach the hearts of people	
Propagation of Intellectual Assets	68
Development of Human Resources	73
Development of Society	80
Other Contributions	84
Engagement with Stakeholders	88
Engagement with Clients	89
Engagement with Employees	91
Engagement with Shareholders and Investors	107
Engagement with Business Partners	112
NRI Group's Code of Business Principles/ NRI Group Employees' Code of Business Conduct	117
Plans and Achievements	119
Third-Party Opinions	124
GRI Content Index	128
Corporate Profile	137

Message from the President

We, the NRI Group, are aspiring to put into practice our principle: “Dream up the future,” explore new social paradigms and contribute to global development, not only in Japan but in all of Asia and the world.



All-Out Efforts to Aid Recovery from the Great East Japan Earthquake

I extend my sincerest sympathies to all those who have suffered great losses and devastation in the Great East Japan Earthquake. The NRI Group took immediate and all-out action following the massive earthquake on March 11 and is continuing with its disaster relief efforts.

When the earthquake happened, there were two things that immediately flashed through my mind. The first was the safety of our employees and their families. The second was whether our data centers, which serve as the lifeline of today's society, were operating normally. I was tremendously relieved after getting immediate confirmation of the safety of our employees and all relevant parties and on receiving reports that there was no major damage at our data centers. We also investigated how our clients were coping with these situations and provided all the assistance we could to affected clients.

With the subsequent strain on power supplies, we have exercised our own initiative in conserving energy, announcing energy conservation targets and urging power saving whenever possible, through internal newsletters and by other means.

As NRI provides the social infrastructure that serves large number of information systems, it is vitally important management issue to secure power for its data centers. Although the centers are equipped with power generators and other backup systems, we faced the risk of frequent power failures and therefore not being able to generate the power they need over a long period of time. To prevent such an emergency, we

have cooperated with industry associations to lobby the electric power utilities and other related organizations to assure a stable supply of power.

In the Group, our employees expressed their desire to "help the disaster victims and the disaster-struck areas" immediately following the natural disaster. I myself very much wanted to make a contribution that would be uniquely NRI and organized a companywide "Earthquake Disaster Reconstruction Project" in the week following the natural disaster.

NRI's uniqueness is found in the fact that it draws on the strength that lies in "Navigation × Solution." In the project, we started to study "what we could do for the disaster victims and the areas" in two fields: recommendations utilizing our navigation capabilities and providing IT solutions.

Employees in the consulting field led the team in planning recommendations that included "Relief for victims," "Measures on the Fukushima Daiichi Nuclear Plant accident," "Restoration & industrial recovery of the disaster-struck area," "Measures to solve the power supply & demand problem" and "Disaster prevention measures based on lessons learned from the great earthquake." After sharing ideas, the team announced recommendations on policies and measures to cope with the situation. On the other hand, in the field of IT solutions, we provided three services: analysis and report on the opinions the disaster victims gathered through SNS, a feedback message system that linked disaster victims and their supporters and the smartphone application "Tooreta Michi (Passable Roads)" that enabled people to access information on roads in the disaster area that were passable.

In addition to these activities, the NRI Group plans to continue offering assistance in the long term, including participation in developing a disaster reconstruction plan for Miyagi Prefecture with the local government.

Progress with Vision 2015, our long-term management plan



Under Vision 2015 announced in 2008, we are acting in line with the corporate slogan "Reinventing ourselves, Reinventing the future," to move the group from a business that had been focused on project commissions from individual corporate clients, where the NRI Group has exercised its strengths, to a company which will be able to deliver industry-standard business platforms, meaning systems and services that provide the functions required by business corporations efficiently and that form part of the social infrastructure. In order to achieve this goal, our employees need to develop a mindset that transcends our existing operations—with a depth of knowledge and a wide vision across industries and markets, a willingness to take risks in advance investments, and effective alliances with other companies.

In view of the rapid growth in the expansion of Japanese businesses into other countries, we need to undergo a transition to a new business structure, from domestic-oriented operation to global one that supports these activities.

As we approach the halfway point under Vision 2015, we have made a number of

achievements and see solid prospects in a number of areas.

From System Ownership to Services Usage

In the Japanese IT market, the business style of IT solution that our clients demands is changing. In the past, each business enterprise developed its own information system, which it "owned" and managed as its own asset. In recent years, however, there is growing demand for "usage" of standard IT services that deliver a high level of cost performance in business segments that are not directly linked to the need for discrimination against the competition. NRI plans to strengthen and expand its business model which offers its own systems as an "industry-standard business platform" for clients to use. We expect to see this change in the tide from "ownership" to "usage" to grow rapidly and believe that our plan is positively in step with this new direction.

The Ohmi merchants of Japan have traditionally embraced the saying, "good for all three." This saying reflects their philosophy that business continuity is not possible when only the seller makes a profit, but is "good for all three parties," namely, good for the seller, good for the buyer and good for society.

Adopting this business philosophy in explaining the industry-standard business platforms that the NRI Group is developing, I would describe our Group's efforts as "good for business enterprises, good for the customers and good for the environment." When an industry-standard business platform is in use, we will be able to bring satisfaction to our corporate clients, who will be relieved of any initial investment, maintenance and management of their information system. The resources that have been saved in this way can then be directed toward making bigger improvements in the services the company offers its customers, hence bringing satisfaction to customers. Since these shared-type services can be provided to many business enterprises from one system, there will be a dramatic reduction in electric power consumption and CO₂ emissions, compared to developing and managing business systems independently. This means that the model is environmentally friendly. It should be clear that NRI's data centers also fulfill an important role as part of the social infrastructure in the area of environmental protection.

Financial sector

One of the many industry-standard business platforms that we offer in the financial sector is called "STAR-IV," a comprehensive back-office system for the securities business. The securities business undergoes frequent changes and revisions in regulations and schemes. STAR-IV is able to adapt to these changes promptly and precisely. NRI is also actively working to fulfill requirements, to deliver greater business efficiency and better services for our clients. At the same time, we conduct regular research on customer satisfaction to analyze client opinions and evaluations and thence to resolve issues. Thanks to these efforts, our systems have been adopted by 51 companies as of July 2011. By early 2013, our systems are also scheduled to be deployed at Nomura Securities to replace their own that are currently in service. With this as a springboard, we plan to boost functionality dramatically and also to direct our efforts in order to upgrade our services for our clients.

For the banking industry, we have developed Value Direct, our Internet banking system based on shared use. We have already deployed the system at a number of banks and have received a large number of inquiries. In order to expand our business operation, we have decided to collaborate with Nihon Unisys Ltd., which has extensive expertise in financial and accounting systems for regional banks. We have great expectations of providing competitive and outstanding solutions to customers in the regional banking sector, including second-tier banks, who will then be able to contribute to their respective local economies by making effective use of the partnerships.

Industrial sector

In the area of IT solutions, the NRI Group has developed a substantial pool of expertise through long-standing business partnerships with its clients in consumer goods and manufacturing, including distribution, retail sales, food and clothing (consumer industries).

In our consulting services, many of our clients are related to consumer industries. However, up to now we have not been involved in extending our consulting services to IT solutions.

For this reason, we have developed the "Prime Account Strategy" directed at building an IT solutions business with our consulting services clients and are currently working flat out to promote this. This strategy is aimed at expanding our clients through marketing and solution proposals by our personnel in the areas of consulting and IT solution under the leadership of an executive officer-level prime account representative (PAR). The idea is to make inroads from strategy and business consulting to gaining business in the areas of system development and system management outsourcing. The activities are beginning to produce results, boosting incentives for people in both areas to strengthen coordination. We expect to see these activities gain greater momentum in the future.

In contrast to the financial sector, there is very few in the industrial sector that have embraced our industry-standard business platform. However, we believe that the shift from ownership to usage of IT resources will advance steadily in this sector as well. We plan to take action in this direction by expanding our client base with our prime account strategy, accumulate know-how in each industry and business operation. Then we develop an industry-standard business platform based on these accomplishments, aiming to deliver services that encourage business innovation and efficiency in each industry.

China & Asia

In Vision 2015, we have announced the creation of "another NRI" for China and other Asian nations. We are presently working on developing an organization that provides integrated services from consulting to IT solutions for this purpose.

In recent years, many of our Japanese clients have expressed a wish to expand actively into China and other Asian nations. Japan's pioneering business operations have also drawn strong interest among the business enterprises and governments of these nations. The NRI Group believes there is a huge potential need for the expertise built up in our country.

In consulting, we plan to support Japanese companies with business operations in other Asian nations, in cooperation with local NRI offices. At the same time, we plan to support the policies of the governments of such nations in areas such as infrastructure and urban development. To support these activities, we need human resources who have a thorough understanding of the laws and regulations, business practices and culture and the government and businesses in each country, and in addition, the ability to make use of Japan's experience and knowledge for these nations. We took our initiatives on human development with the coordination between our consulting division and local NRI offices for promoting localization in each country. In the consequences of these initiatives, we have succeeded in delivering outstanding results in projects for governments and business enterprises in these nations and in creating a positive cycle of business leading to an increase in project orders.

In IT solutions, we are providing systems support to the Seven & i Group in China for its convenience store and supermarket operations. Also, we have supplied comprehensive business packages to some 50 Japanese manufacturers that operate in Asia. Furthermore, a joint venture has been established with Mitsubishi Corporation, which has an extensive client base in China and other Asian nations, to expand the scope of our clients. In finance, we are currently expanding the range of our services to assist in expanding Japanese businesses into other countries.

In the future, we plan to work together actively with business enterprises who have knowledge and a foothold in foreign markets and create synergy with NRI's expertise, know-how and IT solution capabilities that have resolved various issues in the past, to assist not only with the globalization efforts of Japanese businesses but also with the sound and sustainable growth of China and other emerging economies.

Creating Value with Society

"Dreaming up the future" and "prospering with our clients" are two principles of our corporate philosophy.

Since its establishment in 1965, the NRI Group has been conducting research that leads to progress in society, industry and business enterprises and providing consulting service based on the results, and at the same time communicating the findings as part of its social contribution. We have also created information systems that are suited to each client and industry and have contributed to their growth by providing system configurations and management and other IT services.

As a company offering policy recommendations and information system services that have become part of the social infrastructure, we need to listen to our many stakeholders on a day-to-day basis and to utilize and confirm the quality of our findings for further improvement. We also believe it is vitally important to move forward paying careful attention to opinions on our own activities and fulfill our social responsibility.

With the management principles of "Dreaming up the future" and "prospering with our clients" in mind at all times, we plan to make our social contribution by refining the NRI Group's unique Navigation and Solution functions and by creating a future that is both rich and bright.

We sincerely look forward to your continued, solid support for our endeavors.

President, CEO and COO
Nomura Research Institute, Ltd.



The NRI Group's CSR Policy

The NRI Group's CSR Policy

The first objective of the NRI Group's CSR is to fulfill our social responsibilities through our business activities. At the same time, we strive to avoid business errors and impropriety and endeavor to deepen social trust. Above all, we aim to contribute to society through the cumulative effect of our daily activities. We reach out to people through social contributions to create solid bonds with stakeholders.

CSR stance

Our efforts encompass proactive and fundamental CSR and unique contributions to society. We also value ties with stakeholders.

Our prime priorities are to fulfill our social responsibilities through our business activities and to engage in proactive CSR. These activities entail making proposals for a better society and creating information systems that underpin society.

We engage in fundamental CSR efforts in the course of business to build social trust by doing our utmost to avoid errors and impropriety.

Unique contributions to society are our endeavors reaching out to people to deepen bonds with society. We foster those ties by disseminating information that offers new social insights while helping to cultivate young people and managers. We will work with stakeholders to formulate better social frameworks.

We engage with stakeholders to meet our specific responsibilities to them.

CSR implementation structure

All of the NRI Group's business divisions and departments, and its employees, pursue CSR in their daily operations with the understanding that social responsibility should be an integral facet of everything the Group does.

In 2004, we established the Corporate Social Responsibility Department to devise CSR policy, promote companywide CSR activities, collaborate with relevant divisions, compile information about CSR, and educate employees about CSR. We integrated that department with the Corporate Communications Department in April 2009 to reinforce internal and external engagement and pursue CSR more systematically.

Guidelines for fundamental CSR come from several administrative units that support operational and employee endeavors. They include such headquarters units as the Corporate Planning, Legal and Intellectual Property, Administration, Information Security, and Accounting departments, as well as the Quality Management Division.

In 2007, we organized the CSR Promoters Network, comprising employee volunteers who discuss ways to promote CSR activities.

Three CSR Approaches

— Forming close ties with society through core businesses

The first objective of NRI's CSR activities is to fulfill the Company's responsibilities through its business activities. This incorporates advocating a new order for future society and building information systems that support society. Navigation & Solution is the essence of the Company's CSR activity. We have only to continue conducting this business to fulfill our social responsibilities. By helping clients hone their competitiveness and improve their performance, and by working toward the sustainable growth of the Japanese economy, we are helping to create a better society.

[Priorities] Business activities and Research and development

Proactive CSR

Fulfilling our responsibilities to society through our business activities

Fundamental CSR

Building relationships of trust with society

NRI's Unique Contributions to Society

Striving for social contributions that reach the hearts of people

We strive to strengthen bonds with society through social contributions that reach the hearts of people. To forge bonds that epitomize NRI, the Company is propagating information to provide insights into a new society and supporting the cultivation of the younger generation and managers who will bear the responsibilities of the next generation. Along with our stakeholders, we are striving aggressively to build the framework for a better society. We take every opportunity to foster communications with stakeholders and to pass on easily comprehensive information on the positive CSR activities that we conduct in the pursuit of our business to parties inside and outside the Company.

[Priorities] Propagation of intellectual assets, Development of human resources, Development of society

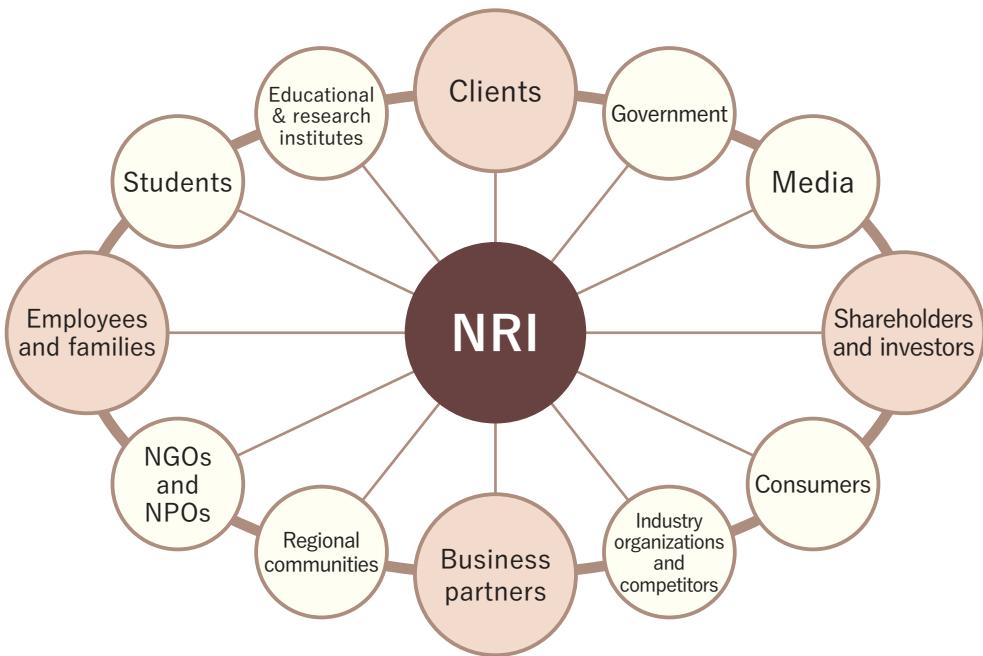
In the execution of our business activities, we take the utmost care to avoid errors and impropriety. To build relationships of trust with society and protect the NRI Group's corporate value, we comply with all pertinent laws and regulations and avoid violating social and cultural mores. To achieve these goals, we are building and thoroughly maintaining the following systems and frameworks.

[Priorities] Corporate governance/internal controls, Risk management, Compliance, Quality management, Information security management, Intellectual property management and Environmental protection

Engagement with Stakeholders

The NRI Group's stakeholders primarily comprise clients, employees and their families, shareholders and investors, and business partners, but also extend in a broader sense to consumers, mass media, communities, industry organizations and competitors, public administrations, educational and research institutes, students, NGOs and NPOs, and the environment. We will continue to engage with stakeholders while helping to create a better society and reinforcing social trust.

Stakeholders



Key CSR Priorities

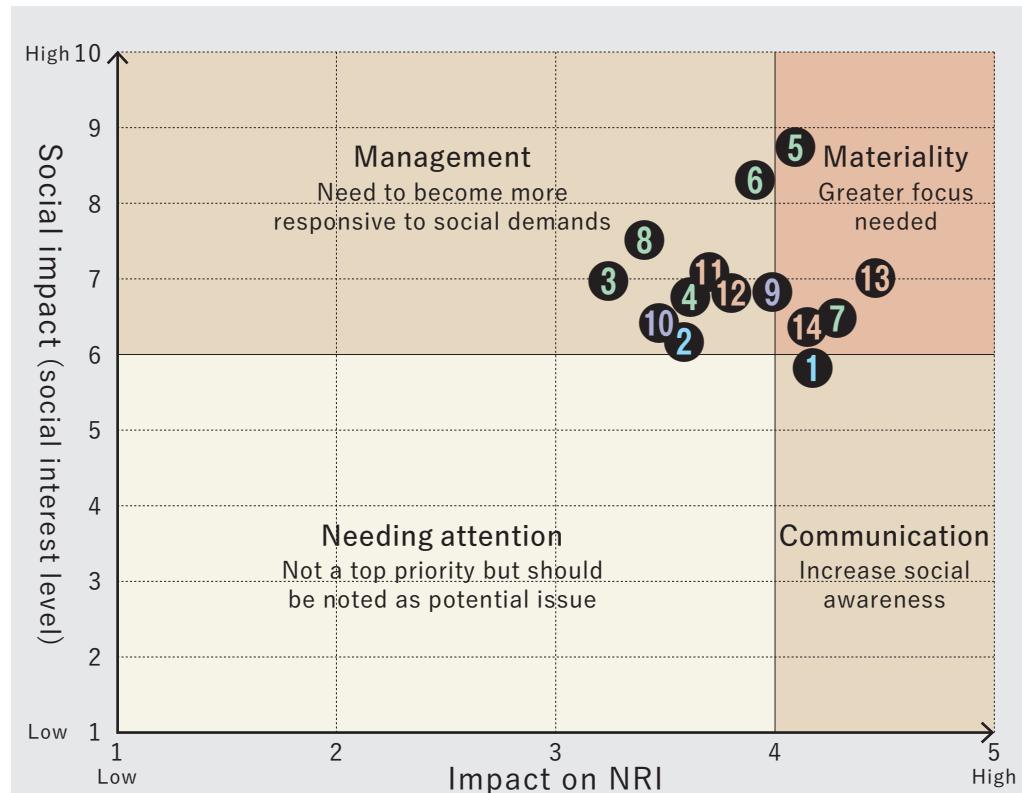
There are five key priorities for the NRI Group in its CSR activities.

Key CSR Priorities

- Our mission to build a society that is sustainable and dynamic
- Responsibility to provide the information infrastructure that supports society
- Training employees who are future-oriented and capable of achieving their goals
- Support for developing human resources that will serve as the driving force for the next generation
- Development of partnerships that contribute to mutual growth

Assessment of CSR issues

Management conducted the CSR Materiality Survey in fiscal 2009 to identify key CSR priorities for the NRI Group from two perspectives. These were sustainable social development (social impact) and improvements in the Group's corporate value (impact on NRI).



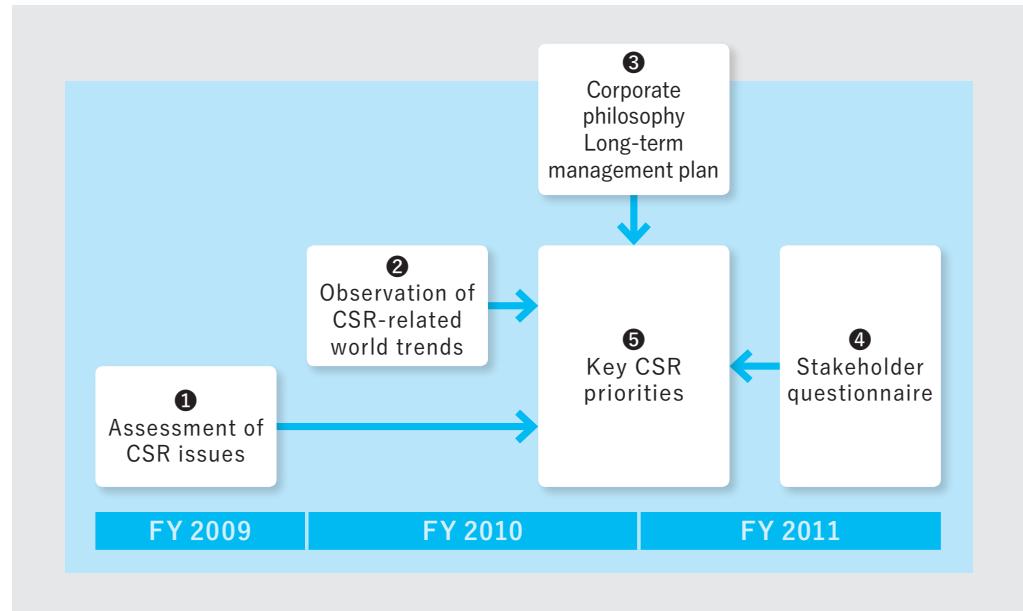
NRI Group's basic stance by CSR management item

CSR management items	Basic stance of the NRI Group
Proactive CSR	
① Navigation	Making various proposals to clients and society to contribute broadly to creating a better society
② Solution	Building vital foundations for clients and our industry and contributing to society and lifestyles
Fundamental CSR	
③ Corporate governance /internal controls	Making swift and accurate decisions and achieving highly transparent, fair and efficient management
④ Risk management	Projecting and properly managing risks
⑤ Compliance	Adhering to ethical and legal requirements and increasing social trust
⑥ Quality management	Ongoing commitment to maintaining and improving high quality standards
⑦ Information security management	Using advanced information security management that becomes the benchmark for society to build corporate clients and social trust
⑧ Environmental protection	Recognizing corporate citizenship obligations and undertaking ongoing efforts to conserve energy and resources to prevent global warming
NRI's Unique Contributions to Society	
⑨ Propagation of intellectual assets	Disseminating our findings and expertise from our operations and research to contribute broadly to social progress
⑩ Development of human resources and society	Cultivating young employees and managers to contribute to a better social framework
Engagement with Stakeholders	
⑪ Engagement with clients	Adopting client perspectives in doing our utmost to build trust and maintain long-term business ties
⑫ Engagement with employees	Respecting individuality and human rights in a human resources structure that reflects results and talent and fosters an attractive working environment
⑬ Engagement with shareholders and investors	Engaging with and striving to satisfy shareholders and investors to improve corporate value
⑭ Engagement with business partners	Cultivating mutually beneficial relationships based on healthy business practices and compliance

Key priorities selection process

The NRI Group determines the key CSR priorities based on the following process.

- ① CSR issues vis-à-vis stakeholder demands toward our businesses were identified by evaluating from the two perspectives of social impact and impact on NRI.
- ② Actions required of NRI in the future and the scope of such actions were examined, based on changes in CSR awareness and ISO assessment standards and international CSR assessment and rating agencies.
- ③ CSR materialities that the NRI Group must address have been organized based on its corporate philosophy, long-term management plan (NRI Vision 2015), code of business conduct, etc.
- ④ The NRI Group's awareness of CSR issues, as well as demands and expectations for the Group, were organized based on a stakeholder survey of priority CSR issues, narrowed down through steps ① through ③ in the materiality selection process.
- ⑤ Based on the results of the above studies, the NRI Group determined the five key CSR priorities.



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[Priorities] Business activities and Research and development

Proactive CSR

Fulfilling our responsibilities
to society through
our business activities

Fundamental CSR

Building relationships of
trust with society

NRI's Unique Contributions to Society

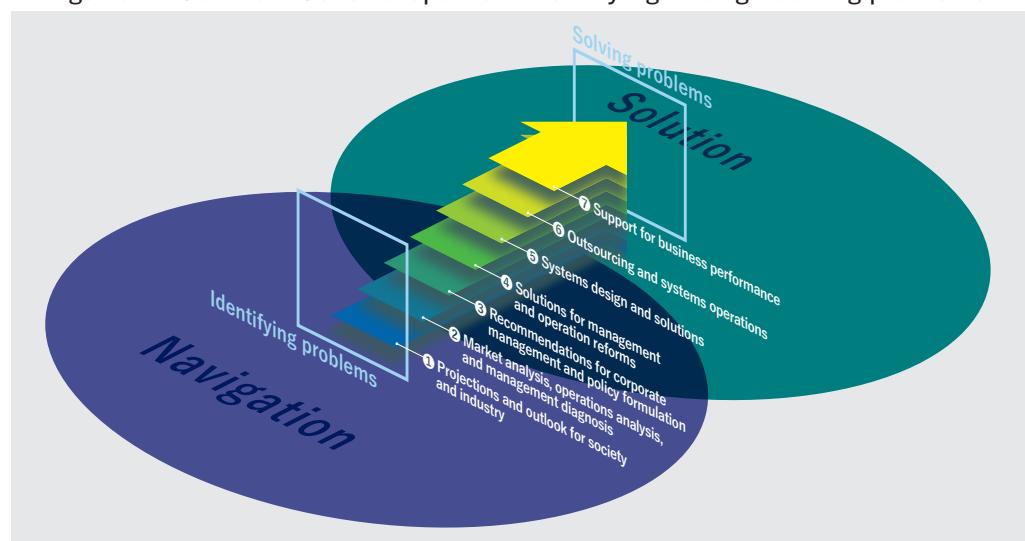
Striving for social contributions that reach
the hearts of people

The NRI Group's Businesses

The key to dreaming up the future, “Navigation × Solution”

The key to “dreaming up the future” is “Navigation × Solution.” Navigation covers the process of identifying problems through forecast, analysis, and recommendations to arrive at the best solution. The solution takes off from implementation, through business reform, to systems design, development and operation. The synergy between these two functions enables NRI to build a new future.

Navigation × Solution: Seven steps from identifying through solving problems

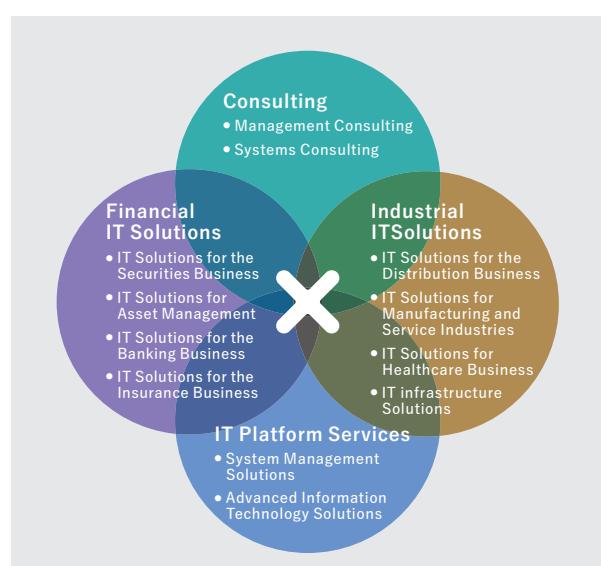


NRI supports people's lives, business, and society in all areas

NRI supports the lives of people, the business activities and the development of society through its Consulting, Financial IT Solutions, Industrial IT Solutions

and IT Platform Services. In these operations, the key is Navigation × Solution. In enhancing the value of our services, the synergy between these two functions is at work in each of the four areas of its operations as well as in a wide range of operations.

The NRI Group's four businesses



NRI Vision 2015—Our Long-Term

Management Plan Four business strategies with goals for 2015

In April 2008, NRI announced Vision 2015, a long-term management plan that seeks to materialize the Group's corporate philosophy and improve corporate value.

Our strength to date has been in providing top-quality commission-based services for corporate clients, focusing on the securities and distribution sectors. We have grown by focusing on the domestic market. While these capabilities remain valuable, we must diversify into offering proposals across sectors and markets and join hands with other companies to cultivate global opportunities. We formulated several strategies for transforming and expanding our businesses under Vision 2015. These include offering more advanced services for the financial sector, expanding the range of industrial sectors served, strengthening and expanding our businesses in China and other parts of Asia, and improving production innovation and human resource development.

* 1 STAR-VI:

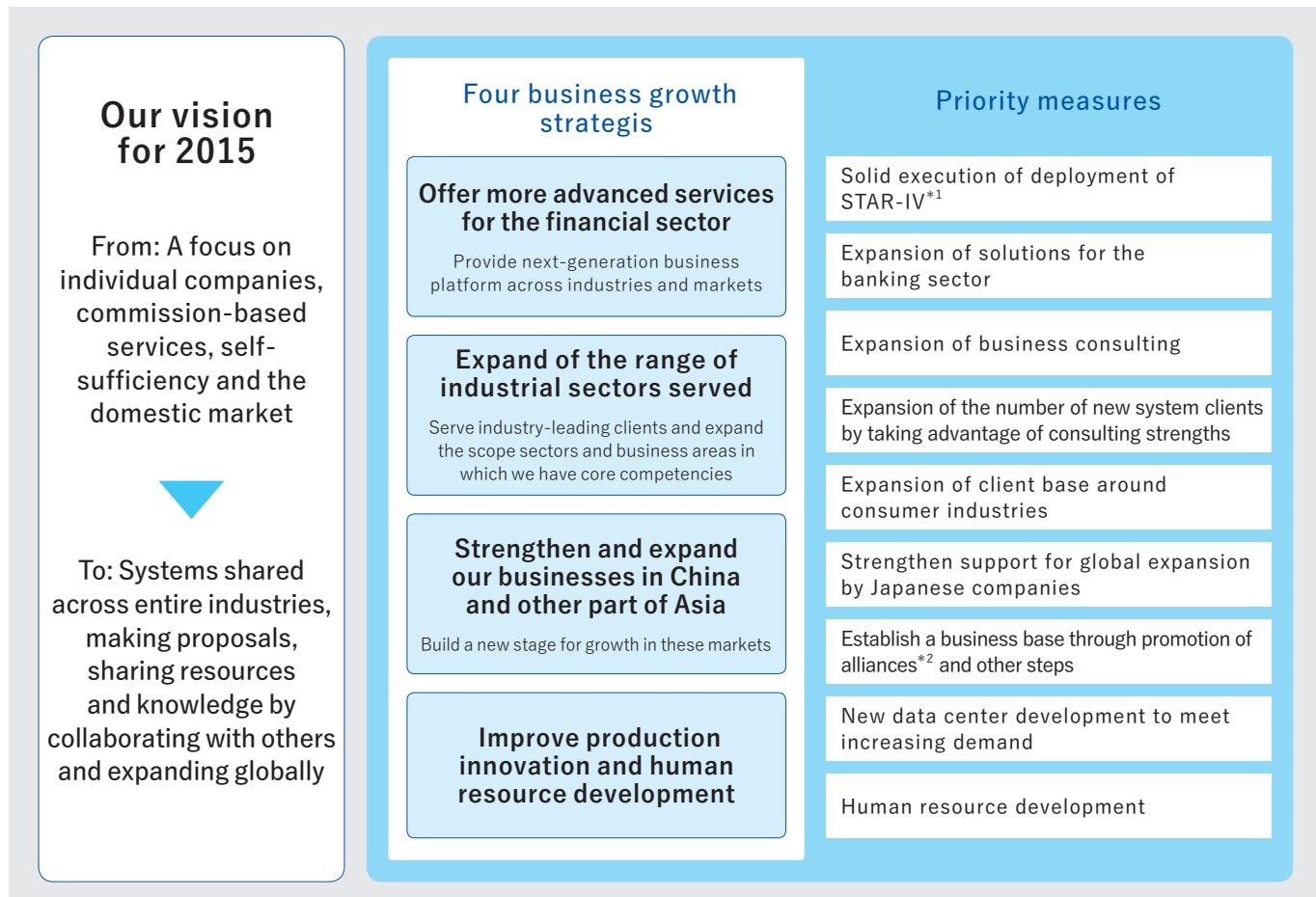
Comprehensive back-office system for securities companies.

* 2 Alliance:

Joint effort and action among business enterprises.

The NRI Group is striving to create new value and transform itself in keeping with the Vision 2015 statement of, Reinventing ourselves, Reinventing the future.

Long-Term Management Plan: NRI Vision 2015



Action on priority measures

The NRI Group has classified priorities into four business strategies aimed at medium- and long-term growth and the actions needed to achieve these goals.

Action on priority measures for each strategy (partial list)

Offer more advanced services for the financial sector **Solid execution of deployment of STAR-IV**

- Full-scale deployment of STAR-IV at Nomura Securities
Solid execution of the project aimed at the first release in 2013
- Aggressive investment aimed at establishing STAR-IV as the de facto standard
Expansion of functions or major securities companies

Expand of the range of industrial sectors served **Expansion of client base around consumer industries**

- Selecting and concentrating in the consumer industries
Reinforcement of independent business operations
- Collaboration with the consulting division in applying the prime account^{*1} strategy
Development of large-scale IT proposal with a focus on all materialities

Strengthen and expand our businesses in China and other part of Asia **Strengthen support for global expansion by Japanese companies and promotion of alliances**

- Promoting individual solutions to Japanese businesses operating globally
Applying BizMart^{*2} offering solutions in domestic markets
Introduced already in several Japanese global corporations operating in China
- Cooperation with businesses with a foothold and extensive experience in the IT markets of China and other Asia
- Development of a full line of services by improving security & infrastructure-related services

Improve production innovation and human resource development **New data center development to meet increasing demand**

- A new data center that ensures security, environmental friendliness and reliability scheduled to be completed in 2012
Introduction of cutting-edge seismic isolation & vibration control technologies
Achievement of high energy efficiency, as well as reduced environmental impact

*1 Prime account:

Offer large-scale IT solutions that encompass the full range of client issues from strategy to business operations and IT, in a package combining management and innovative business operations.

*2 BizMart:

SaaS-type solutions for all businesses that improve in sophistication, quality and speed of various operations, including B to B operations, ranging from strategy planning in manufacturing, distribution and marketing to sales planning, production control, distribution control, etc.

Coordination between businesses within a business sector or between sectors.

Research and Development

Pursuing R&D with a view to the future

Plan

The NRI Group believes that research and development is a crucial area for investment to sustain and transform its businesses and raise its corporate value. Accordingly, the Company takes an interdisciplinary approach to R&D, always guided by its vision for the future.

[Basic policy]

NRI actively pursues R&D that:

- Continuing generates new competitive businesses and business field
- Greater sophistication and added value in Enhances and adds value to existing
- Offers sophisticated solutions to both Japan and the world at large

[Major plans for fiscal 2010]

- Enhance R&D planning
- Step up R&D
- Foster a creative organizational climate that is open to challenges for new businesses in ABCI*
- Guidance with new business assumptions in a higher dimension

* ABCI(Advanced Business Creation Initiative):
The internal business venture program.

Do

R&D emphasizing medium- to long-term perspectives

R&D structure and focused areas

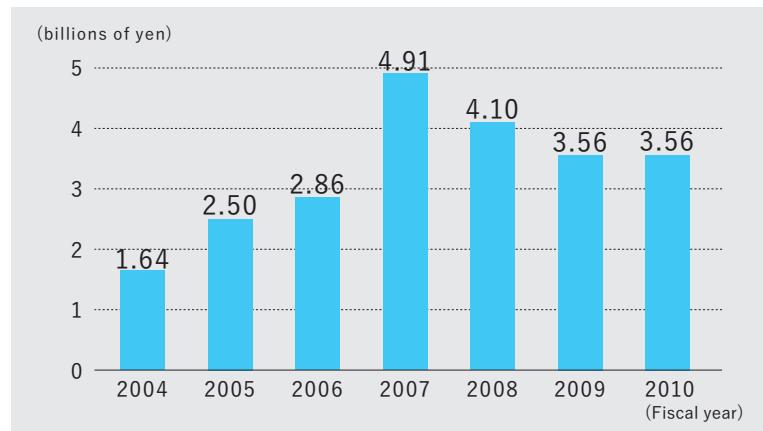
The NRI Group pursues R&D in the areas of business, technology as well as surveys and research. NRI devises R&D strategies every year that set priority fields and research themes. This is then followed by the allocation of budgets. The Research and Development Committee (consisting of Corporate Vice Presidents) was established to select R&D projects from a Company-wide perspective. At the same time, the Committee is actively implementing the aforementioned R&D strategies.

Constructive investment in R&D

The NRI Group actively invests in R&D to develop new businesses and thus ensure continued growth.

Do

R&D costs



R&D strategy and main activities in fiscal 2010

The NRI Group has selected four priority R&D fields for medium- to long-term research: finance, industry, China and other Asian countries, and information technology.

Improvements have been made to clearly identify the final business image, as well as the hypothetical business startup scenario used to achieve the image from the R&D planning stage in order to promote R&D that leads to business startups underway since 2009. For further improvement in the business startup success rate, management-led support has been provided in 2010 for projects aimed at targets such as systematization of the PDCA cycle, improvement in planning and execution capabilities for specific themes, greater visibility of the budget portfolio, etc.

Also, the Center for Strategic Management and Innovation was set up in April, 2010 as an organization to lead R&D for new growth strategies in the Japanese and other Asian markets.

Primary R&D projects in fiscal 2010

Approximately 170 projects were implemented in 2010. The leading projects are as follows.

Finance	<ul style="list-style-type: none"> Research into iPad-based sales support solutions Survey of 10,000 consumers in the financial sector Startup of banking-related businesses
Industry	<ul style="list-style-type: none"> Technology and product evaluations for standardization of the OpenID^{*1} communication protocol Research into web solutions for next-generation terminals
Asia	<ul style="list-style-type: none"> Research into newly emerging markets in China, India, etc. Basic research into alliances in China and the rest of Asia
Information technology	<ul style="list-style-type: none"> Research into technology trends and cultivation of beneficial technologies (IT Roadmap^{*2}, etc.) Evaluation & verification of technologies and products from the perspective of business application (cloud computing, databases, etc.) Demonstrations of production control methods and tools

* 1 OpenID:

One type of web user authentication technology.

* 2 IT Roadmap:

Published semi-annually by the NRI Innovation and Development Division that projects IT trends for the next five years.

Establishment of the Center for Strategic Management and Innovation

The Center for Strategic Management and Innovation was set up in April as an organization to lead R&D for new growth strategies in the Japanese and other Asian markets, in the face of the maturing of the Japanese economy and the rapid pace of social and economic globalization. Under NRI's corporate philosophy of "Dream up the future," the Center is engaged in policy and strategy research to bring innovation in industry and society and to create business operations to achieve this goal.

The Center will collaborate with a wide range of partners, including national and local governments, research institutes and business enterprises, and contribute to growth in Japan and Asia and build a sustainable society.

The following principal R&D projects were implemented by the Center in 2010

- Research into China's IT-related businesses spurred by its "Internet of Things (IOT)" program
- Research into businesses related to international business expansion in the fields of water and infrastructure
- Support for the introduction of a social security and taxation number system

In response to the New Growth Strategy (Basic Policies) announced by the Japanese government in December 2009, NRI conducted an independent study on the directions of Japan's growth and published its findings in the New Growth Strategy and the New Growth Strategy II.



The New Growth Strategy The New Growth Strategy II

Do

ABCI, the internal business venture system for developing new businesses

R&D and ABCI

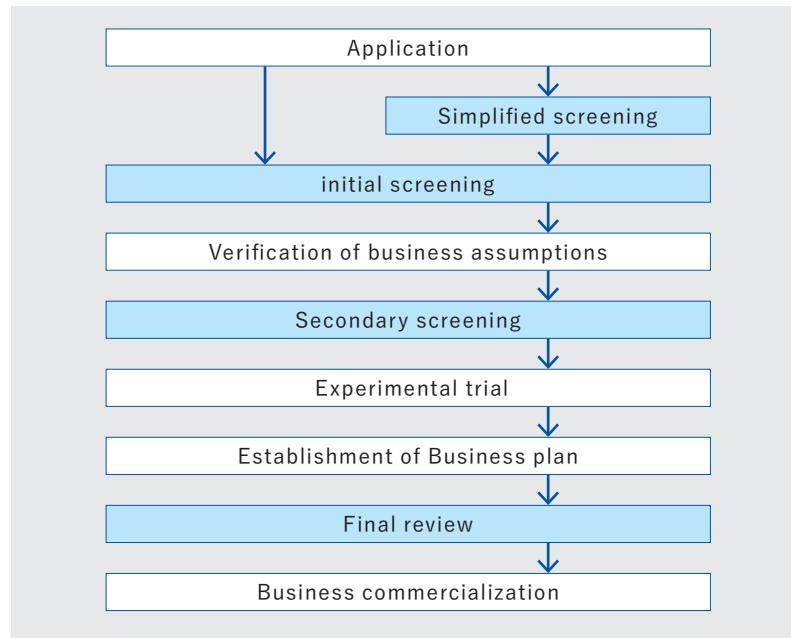
NRI has developed an internal venture program called the Advanced Business Creation Initiative (ABCI) to develop its employees' business plans using a bottom-up approach. ABCI differs from conventional R&D in that employees can commercialize new ideas regardless of their division and field of work.

ABCI objectives

- Foster a creative organizational climate that is open to challenges
- Improving employees' ability to develop new businesses
- Build up expertise in turning ideas into business and information on individual markets
- Improve medium- and long-term earnings by creating new businesses

Do

ABCI's business commercialization process



Active support for business commercialization

NRI holds ABCI Sessions and ABCI Business Labs to help turn business plan into feasible business operations. ABCI sessions consists of a series of lectures and social gatherings with invited entrepreneurs. All employees are invited to attend. Approximately 400 employees participated in the eight sessions held in fiscal 2010. For the ABCI Business Labs, ABCI applicants are given support in building human connections when starting a business and preparing their plans ahead of marketing research and initial screening.

Check & Act

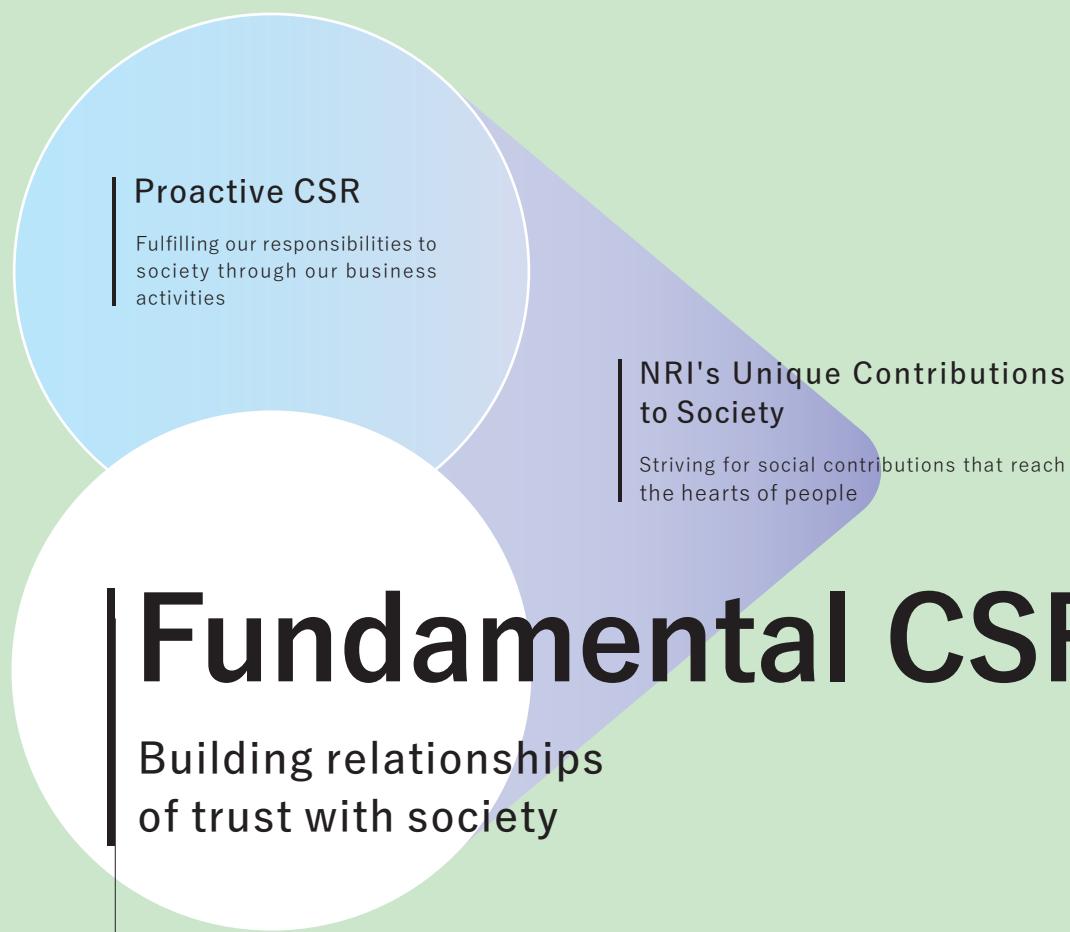
[Fiscal 2010 evaluation]

- Establishment of the Center for Strategic Management and Innovation
- Greatest strength in planning and action on specific themes and improvements in quality and strategy, including allocation of resources coordinated with results
- Guidance chiefly for projects to cultivate new markets that come within the scope of Head Office, clearly identifying the objectives and executing body and promotion of coordination to tap into the NRI Group's all-round capabilities
- Establishment of the Center for Strategic Management and Innovation
- Greatest strength in planning and action on specific themes and improvements in quality and strategy, including allocation of resources coordinated with results
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Check & Act

[Major plans for fiscal 2011]

- Improvements in R&D planning capabilities
Greater transparency in R&D strategy promoted at the working level, to allow management to clearly assess the company-wide research portfolio
- Improvements in R&D promotion capabilities
Organization, promotion and support of Head Office activities to be promoted on a company-wide scale
- Cultivation of a climate encouraging project reorganization under ABCI and improvement of the basic skills needed to describe business hypotheses
- Creating information exchange opportunities for employees aspiring to internal startup ventures
- More sophisticated business hypotheses through synergy with human resources development, alongside transfer of operations to the Human Resources Development Center



In the execution of our business activities, we take the utmost care to avoid errors and impropriety. To build relationships of trust with society and protect the NRI Group's corporate value, we comply with all pertinent laws and regulations and avoid violating social and cultural mores. To achieve these goals, we are building and thoroughly maintaining the following systems and frameworks.

[Priorities] Corporate governance/internal controls, Risk management, Compliance, Quality management, Information security management, Intellectual property management and Environmental protection

Corporate Governance/Internal Controls

Achieving highly transparent, fair and efficient management

Plan

With the Company Law that came into force in 2006, businesses are being increasingly demanded to boost corporate governance and promote internal controls. NRI believes that prompt and accurate decision-making in business operations is essential to enhancing corporate value. At the same time, we also believe that it is equally important to deliver highly transparent, fair and efficient management to all of its stakeholders. With this in mind, the NRI group is striving to strengthen its corporate governance.

[Major plans for fiscal 2010]

- Reinforcement of internal controls in management departments in business divisions
- Check and continue monitoring internal controls

Do

Corporate governance structure

NRI has a board of corporate auditors. It has an organization to further improve corporate governance while making effective use of the functions of the auditors and the Board of Corporate Auditors. As part of this effort, its activities are directed toward making the General Meeting of Shareholders more productive, faster decision-making by the Board of Directors together with greater surveillance capabilities, reinforcement of the functions of the auditors, improved information disclosure, etc.

Enhancement of internal controls

In compliance with the basic policy on building internal control systems (developed in May 2006), NRI is engaged in developing and reinforcing a system for executing job functions in compliance with laws and company bylaws, a risk management system, and a system for enhancing the integrity of financial reports, etc.

Especially in recent years, internal control systems are being built and strengthened in order to enhance employee awareness of risks and compliance, embed the necessary knowledge and skills, and ensure efficient checks and balances at various levels in the organization, including executive officers and managers.

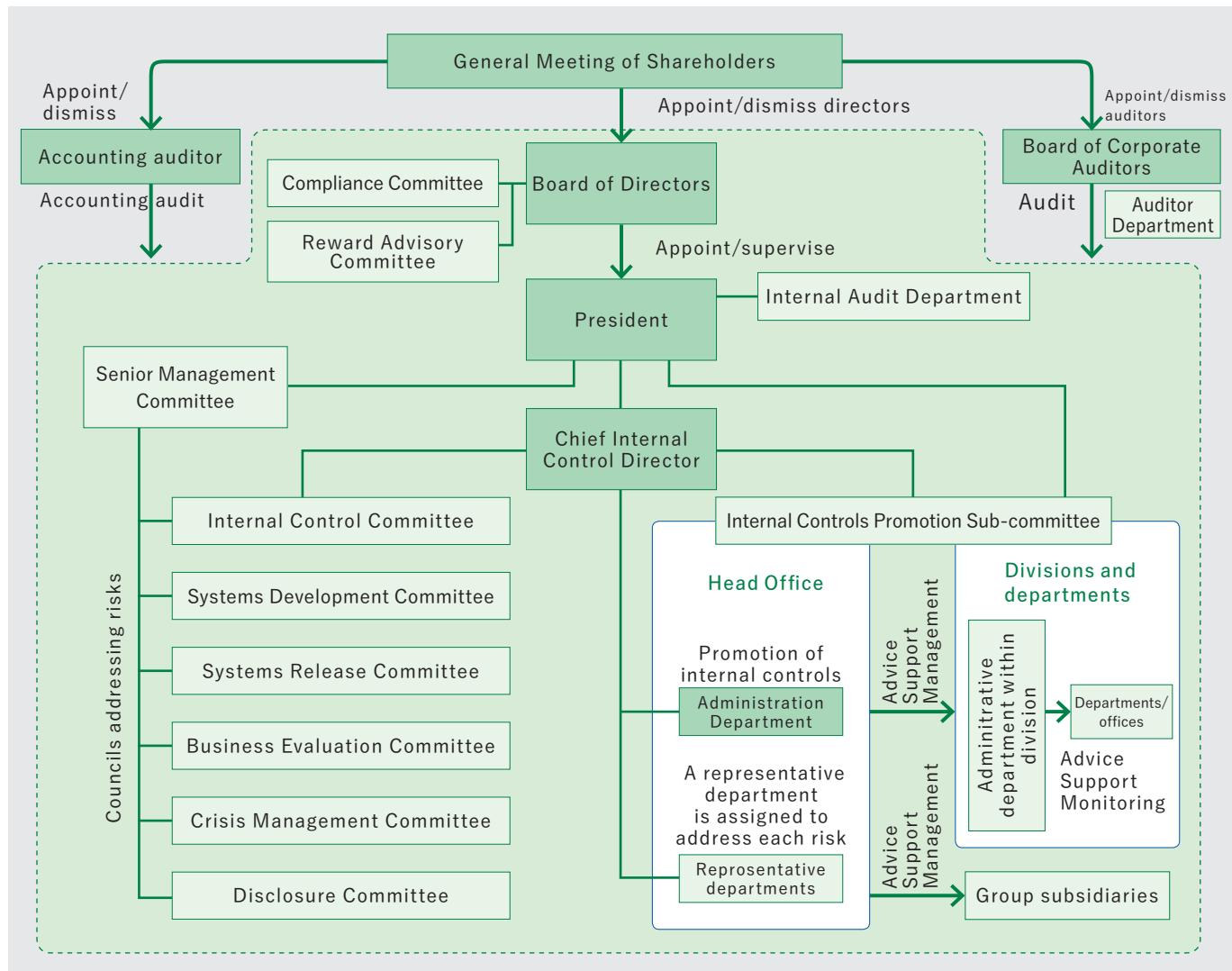
In 2010, action has been taken to strengthen control of business divisions and compliance (see "[Risk Management](#) and [Compliance](#)").

This began with a review of the monitoring items for the entire company based on an assessment of residual risks, etc., by supervisory departments, focusing on the priorities that must be addressed in 2010. Additionally, a checklist for management controls was produced for management departments within

Do

each division in order to strengthen control by these departments. This has led to identification of the administrative operations of management departments, the nature of the coordination carried out among the various offices in each department and their supervisory departments and to more thorough and efficient management. Case studies on internal control activities in management departments were shared in the Internal Control Promotion Sub-committee.

Corporate Governance Structure



[The roles of organizations & measures]

General Meeting of Shareholders

The decision-making body of the company for critical issues, NRI has been working on facilitating the General Meeting of Shareholders and facilitating execution of voting rights by setting the date of the meeting to enable participation of as many shareholders as possible, early notification of the meeting to shareholders, introduction of an online voting system and participation in the online voting platform for institutional investors.

Do

Board of Directors

Because the authorities and responsibilities for business execution are largely delegated to the executive officers, the Board of Directors engage in decision-making and supervising execution of business, which form the foundation of their own management and business execution. The Board of Directors convene once a month and as need arises. As of July 2011, the Company Chairman without executive duties serves as Chairman of the Board.

The body consists of 10 directors, of which two are independent directors. In order to identify the management responsibility fees for each year, the term of office for each director is one year. External directors have been invited to further energize the Board and to give greater transparency and fairness of management. In selecting these directors, emphasis is placed on outstanding levels of expertise and knowledge and on a level of independence that allows supervision of NRI's business operations from an objective perspective.

Board of Corporate Auditors

The board deliberates and makes decisions on auditing policy and other important issues pertaining to audits, as well as formulation and announcement of audit opinions. The board consists of five auditors, of which three are external auditors. They attend the Board of Directors meetings and other important meetings and audit job execution by the directors. In order to ensure neutrality and independence of the audit organization, external auditors are selected from persons capable of auditing job execution by the directors from an objective perspective and of formulating opinions with fairness.

In order to receive audit plans and audit status reports from auditing firms, the auditors receive reports on internal audit findings from the Internal Audit Department and take part in the audit in cooperation with the auditing firm and the Internal Audit Department. In addition, they receive reports related to the state of internal controls, including monitoring the state of compliance with various regulations, etc., from divisions promoting internal controls.

Auditors Department

The Department provides support so that auditors can engage in audits efficiently. Appointments in this office are made by the representative director or director in charge of personnel management in cooperation with the auditors to ensure independence of the Auditors Office. As of July 2011, the office is manned by five employees.

Reward Advisory Committee

Consisting of three external experts, the committee deliberates on executive compensation, etc., from a fair and objective perspective.

Internal Audit Department

The Department reports directly to the company president and is responsible for

Do

audits of the NRI Group on the effectiveness of its risk management, compliance system, etc., as well as the systems that ensure job execution by the directors. As of July 2011, the Department is manned by 20 employees.

The audit findings are reported to the President. When modifications or improvements are found to be necessary, the department responsible for promoting internal controls, supervisory department and business division cooperate to implement revisions and improvements. The Department also coordinates with the auditing firm by holding regular exchanges on internal audit plans and results.

Senior Management Committee

The Committee consists of executive officers including two representative directors. It deliberates on important issues involving management in general, general coordination of business activities and unification of opinions in executing business operations.

Internal Control Committee

The Committee deliberates on important issues related to internal controls and reviews the state of company-wide internal controls where necessary.

Internal Controls Promotion Sub-committee

Together with the internal controls promotion department and management departments for the various business divisions, the Sub-committee tries to make the most efficient and effective internal controls.

Disclosure Committee

The Committee checks the processes for producing calculation documents and securities reports and their integrity in order to boost the credibility of information disclosure.

Check & Act

[Fiscal 2010 evaluation]

- Production of checklist of controls for management departments within business divisions
- Reinforcement of controls and the Internal Controls Promotion Committee
- Review of company-wide monitoring items related to internal controls

[Major plans for fiscal 2011]

- Upgrade internal controls at a company-wide level
- Reinforce control capability in management departments of business divisions
- Boost action to improve compliance and awareness of internal controls among all employees of the NRI Group

Risk Management

Forecasting a range of risks and monitoring them appropriately

Plan

The NRI Group has developed management structures for each of its major risks: Company-wide risk, risks associated with business activities, and the risk of disasters, accidents and other crises. Within these structures, the Group works to reinforce its risk management

[Major plans for fiscal 2011]

- Enhance PDCA cycle management of priority areas
- Continue to use PDCA cycles in business continuity measures for key operations and services.
- Strengthen and support business continuity measures for data center operations

Do

Risk management

Risk management structure

NRI has developed three major risk management structures. These structures are integrally linked so that management programs can be carried out while reviewing this structure and working to improve it.

The Internal Control Section in the Administration Department ascertains the status of Company-wide risk management and then works with the department concerned to optimize overall risk management in accordance with management's intentions (See "[Corporate Governance Structure](#)")

NRI designates certain departments to be in charge of managing risk arising from business activities, and also stipulates the relevant regulations to be followed. The departments in charge take the appropriate steps in concert with business departments to improve the effectiveness of risk management.

NRI has also put into place crisis management measures to prepare for disasters and accidents, taking preemptive steps and establishing response procedures for major business failures or defects, serious information leaks, or disasters by the Crisis Management Committee secretariat headed by the Crisis Management Section of the Administration Department.

NRI continuously improves all three of its risk management structures, and provides training and education to fully establish them within the Company.

Risk management reinforcement

NRI inspects and evaluates Company-wide risks each year, along with findings on company-wide monitoring of the state of compliance and internal audit results.

Do

Top management defines the priorities to be addressed in the following year based on the results.

* 1 BCP:

Business continuity plan.

* 2 DR:

Measures to prepare for disaster recovery.

The items identified as priorities for 2010 are "thorough implementation of accounting rules" and "development of BCP^{*1}/DR^{*2} and a review of their effectiveness," among others.

NRI is working on improving PDCA management related to these priorities. Progress status and results are reported to the Internal Control Committee, Internal Controls Promotion Sub-committee, etc., along with company-wide monitoring results, for use in risk management. This began with a review of the monitoring items for the entire company, based on the assessment of residual risks, etc., by supervisory departments, focusing on the priorities that must be addressed in fiscal 2010.

Risk prevention measures that are necessary to maintain business operations are monitored on a regular basis for key businesses and services for reinforcement in BCP and DR.

In fiscal 2011, a response appropriate to the critical conditions after the earthquake disaster, thorough implementation of project management, and other themes were selected as priorities, reflecting the findings of the inspection and evaluation conducted in fiscal 2010, for reinforcement of risk management.

Response to large-scale disasters, accidents and incidents, as well as epidemics

In the event of a disaster or accident, NRI will confirm that Group employees are alive and safe, protect customer's important information systems and information assets, and endeavor to sustain its operations. The Crisis Management Committee and the Administration Department's Crisis Management Section take the leading roles in reviewing countermeasures to prepare for such events and in directing the response.

In fiscal 2010, annual disaster prevention drills, influenza vaccinations and first aid training for volunteers were organized.

In December 2010, the NRI Group organized an initial-response drill and disaster simulation drills to prepare for a large-scale earthquake in the greater Tokyo area and confirm the effectiveness of its contingency plans^{*3}. In particular, effort was directed to coordination between the company-wide emergency headquarters and local headquarters at data centers, as well as speedy confirmation of the damage status at each office.

Evacuation of individual offices, measures to deal with workers unable to return home and measures to deal with an emergency in business divisions and data centers were carried out during the March 2011 Great East Japan Earthquake, completing our initial response action without any major confusion. The Group plans to prepare for large-scale disasters in the future, including an earthquake in the greater Tokyo area.

The Crisis Management Section holds regular deliberations with the Systems Management Division for ways to sustain data center operation, for aligning

* 3 Contingency Plan:

The plan assumes three types of emergencies: a system failure, an information security failure, and disasters including.

Do

awareness of operation maintenance and recovery strategies, development of redundant power supplies, status reports on power supply capacities, etc.

Street Wide Drills

NRI conducts disaster prevention drills together with clients for information systems that support social infrastructure.

In November 2010, a street wide drill involving nearly 1,000 participants was organized in cooperation with some 30 clients for STAR-IV, our comprehensive back-office system for securities companies.

A street wide drill is a method of verifying the effectiveness of BCP and other emergency preparations and is a major drill involving a number of organizations. In the drill, attention was paid to confirming the effectiveness of the plans, including the plan to cut operation of the information system.

In the future, similar drills and other activities will be organized to foster the implementation of effective BCPs in cooperation with our clients.

Promoting awareness and expanding the scope of activities

Awareness of risk management is encouraged in employees of the NRI Group. In order to reduce priority risks, the Fundamental Rules for Executive Officers and General Staff have been revised based on the priorities for 2010. Greater understanding and consolidation in NRI Group employees is being promoted through the distribution of pamphlets, e-learning, etc (See "[Compliance](#)").

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.

The NRI Group has developed an "employee 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. Trainings are 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 and they are also registered for our safety check system with their approval.

Crisis management structure

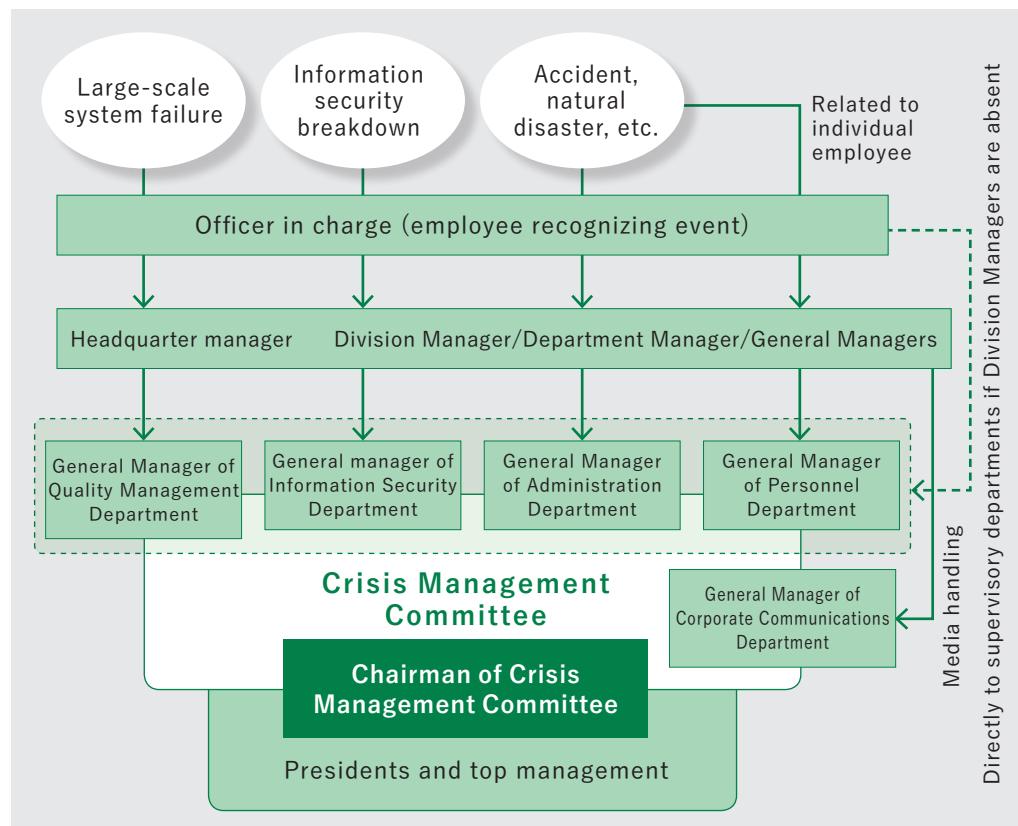
Crisis management structure at the NRI Group

The NRI Group has established a crisis management organization by devising procedures and forming a Crisis Management Committee to ensure a rapid response to a variety of potential crises. In addition, NRI has also prepared a Contingency Plan that lays out its preemptive measures preparing for crises and procedures to be taken in event of such an incident. If an incident occurs, those involved are prepared to move quickly to share information, and an emergency headquarters will be set up to determine and execute countermeasures.

Do

In the case of a large-scale system failure or information security breakdown, for example, emergency headquarters are set up swiftly to coordinate with the relevant divisions and clients and to implement measures including disaster recovery, investigation of the cause, disclosure of status, how to prevent a recurrence, etc., focusing on the status of the failure.

Reporting structure for emergency



Check & Act

[Fiscal 2010 evaluation]

- Company-wide risk inspection and review of monitoring items
- Initial response drill by company-wide organization to prepare for an earthquake and disaster drills
- Regular consultation on measures to maintain business operations in the data center business
- Emergency rescue drill to promote employee awareness
- Continuous monitoring of BCP/DR development status for key business operations and development

[Major plans for fiscal 2011]

- Company-wide business continuity and review of risks
- Promoting energy-saving measures & power failure countermeasures
- Review of disaster prevention systems, include restocking emergency supplies
- Continual BCP/DR development and management assessment

Compliance

Observing laws and conducting business in accordance with high ethical standards

Plan

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

[Major plans for fiscal 2010]

- Development and promotion of fiscal 2010 Fundamental Rules for Executive Officers and General Staff
- Reinforcement of job-specific compliance training that includes management
- Presentation on the revised Ethical Code of the NRI Group for group company

Do

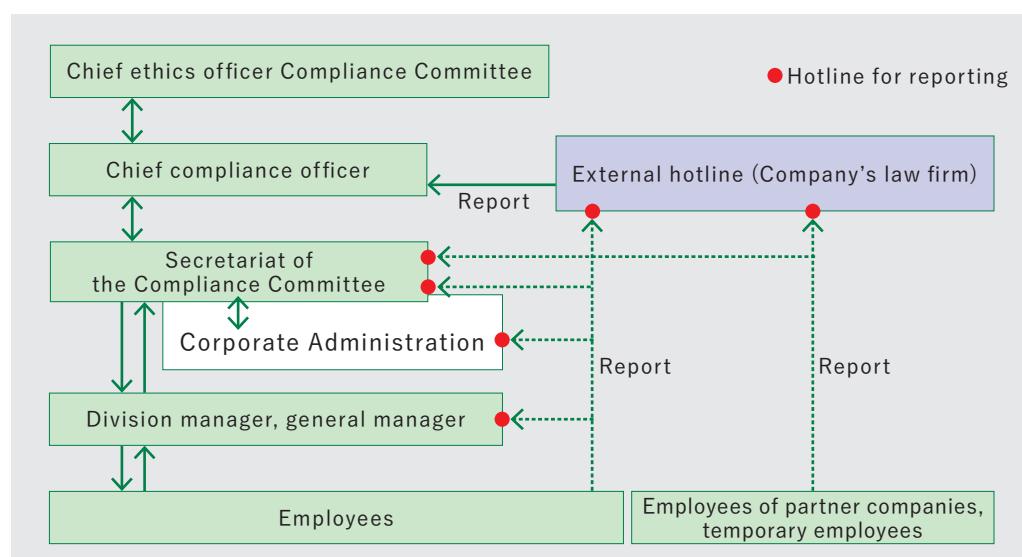
Implementation structure for promoting compliance and the compliance hotlines

The NRI Group has appointed a chief ethics officer and a chief compliance officer to ensure thorough compliance.

As shown in the diagram below, various reporting hotlines have also been set up so that misconduct can be quickly discovered and redressed. These hotlines will receive reports and provide advice on an anonymous basis. The reporting party is protected so that they cannot be dismissed or have their contract cancelled or other unfair punitive actions as a result of reporting misconduct.

In fiscal 2010, the hotlines were used five times. All reports were investigated, and corrective measures and measures preventing reoccurrence were taken.

NRI's structure for promoting compliance and the compliance hotline



Do

Presentation on the revised Ethical Code of the NRI Group for group company

March 2010, on the 10th anniversary of the inception of NRI's corporate philosophy.

The Ethical Code of the NRI Group was renamed the NRI Group's Code of Business Principles and modified so that it lays out the basic rules of corporate ethics for NRI Group companies as corporate entities. The NRI Group's Employees' Code of Business Conduct comprises rules that must be practiced by employees of the Group and its compilation has been revised in approach from rule-based to principle-based. At the same time, details have been included in the Guidebook for the NRI Group Employees' Code of Business Conduct. Both the NRI Group's Code of Business Principles and the NRI Group Employees' Code of Business Conduct have been standardized and categorized for each type of shareholder.

The key changes have been communicated through a series of presentation meetings to all NRI Group employees from March through May 2010.

Fundamental Rules for Executive Officers and General Staff

—pamphlet distribution & monitoring check test

Each year, the NRI Group defines key risks that are to be addressed in the following year, based on the results of monitoring the state of compliance company-wide and the results of internal audits. Defined as "priorities" by top management, energy is focused on comprehensive implementation of compliance. In fiscal 2010, full implementation of expenditure processing rules was selected as a priority. Accurate and swift processing of all expenditures was promoted aggressively.

In addition, the Fundamental Rules for Executive Officers and General Staff, which summarizes the particular rules of conduct that are in NRI's internal regulations were matched with the priorities defined by top management each year. With this change, the priorities were redefined as issues that require improvements for the particular attention of all executive officers of the NRI Group each year (See "[Risk Management](#)").

In an effort to ensure full compliance, details on the key rules that take priority, as well as their legal background, case studies, etc., were compiled as Fundamental Rules for Executive Officers and General Staff in leaflet form for portability. Copies were distributed to all employees of the NRI Group. English, Chinese and Korean versions of this handbook were also distributed to employees at overseas operations for use in training programs, etc.

The Fundamental Rules for Executive Officers and General Staff is used to monitor the state of compliance. If a problem is found, headquarters coordinate with relevant business divisions to make improvements. Furthermore, a compliance check test in the e-learning scheme is organized annually in order to upgrade the level to which all employees understand the code of business conduct.

Compliance awareness survey conducted

In November 2010, the 2nd compliance awareness survey covering all NRGroup employees was conducted in an effort to upgrade compliance awareness and to assess the NRI Group's state of compliance from employee opinions and changes in

Do

their awareness. The statistical and analytical findings of the survey are utilized to stimulate awareness and issue cautions through presentations at various meetings and training for managerial workers. The results have been used in top management decision-making on the priorities for 2011, as well as the Fundamental Rules for Executive Officers and General Staff.

Upgrading compliance training

In order to boost employee compliance awareness, the NRI Group is conducting the following training programs.

In 2010, the compliance training scheme was reorganized, placing stronger emphasis on classroom lectures related to compliance and job-specific training programs. In addition, new job-specific training has been held for all staff employees in order to fully implement compliance.

The important compliance items for which management is responsible have been organized in 2009 and incorporated into management-level training starting in 2010. Training for items of authority has also been conducted by the supervisory divisions to ensure appropriate training and guidance at the appropriate time.

Principal training programs aimed at compliance reinforcement

Target	Training Content (Theme)
All NRI Group employees	Compliance check on Fundamental Rules for Executive Officers and General Staff
	Fundamental Rules for Executive Officers and General Staff [Accounting Edition]
Job-specific training New employees (new graduates & midcareer recruits), general staff employees, employees promoted to specialists, employees promoted to managers or assistant managers and employees promoted to senior specialists	Corporate ethics, human rights awareness, regulatory compliance, information security, job-specific functions, job-specific cautions, etc.
Executive function-specific training General manager & section manager training, division manager training & staff training	
Sales personnel	Contract & confidential information control
Employees granted financial processing approval in various departments	Compliance related to accounting & financial affairs

Check & Act

[Fiscal 2010 evaluation]

- Reorganization of the compliance training system
- Reinforcement of compliance-related lectures in job-specific training, chiefly for management
- Revision of the Ethical Code of the NRI Group and the NRI Group's Employees' Code of Business Conduct and presentations on the changes to all group employees, starting in March 2010 (completed by end of May)
- Monitoring the state of compliance with Fundamental Rules for Executive Officers and General Staff. If a problem is found, headquarters coordinate with relevant business divisions to make improvements
- Second compliance awareness survey conducted covering all NRI Group employees

[Major plans for fiscal 2011]

- Development and awareness promotion of fiscal 2011 Fundamental Rules for Executive Officers and General Staff
- More improvements to the compliance training system
- Review and action on specific improvements at NRI headquarters and in Group companies

Quality Management

Commitment to quality leads to continual quality enhancement

Plan

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 customer's management and general business activities. This sense of responsibility drives NRI's efforts to continually enhance the quality of its system and services.

[Major plans for fiscal 2010]

- Maintenance and continued improvement of the quality management system
- Implementation of the Third Three-Year Plan to Double Quality
- Expand scope to acquire ISO 20000 certification

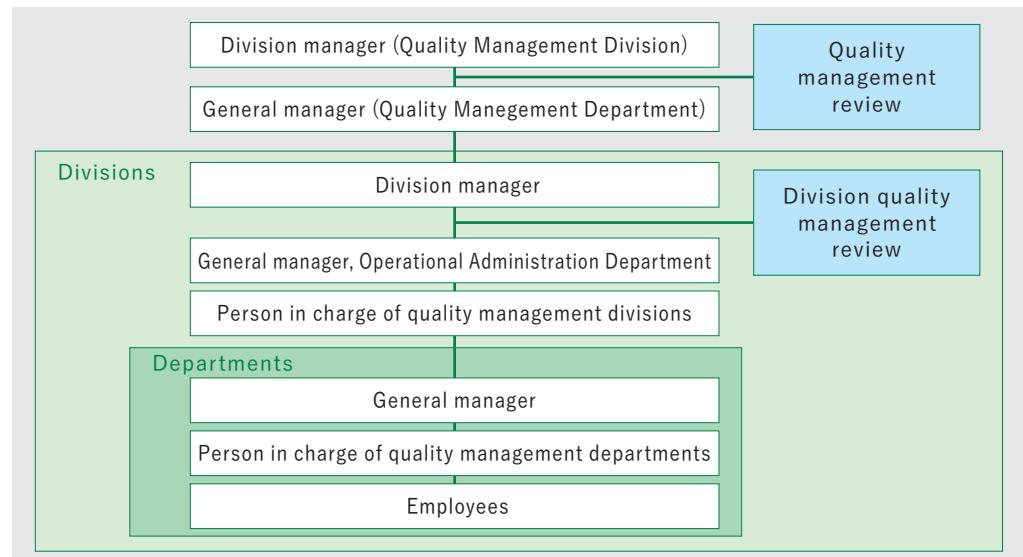
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Quality management in information systems development and management

Quality enhancement structure

In the development and management of information systems in the execution of our consulting service projects, quality management is being implemented by the relevant business divisions with a clear awareness of their responsibilities. The Quality Management Division has been set up to monitor and promote these activities on a company-wide scale, as well as to provide assistance with each project.

Quality enhancement structure



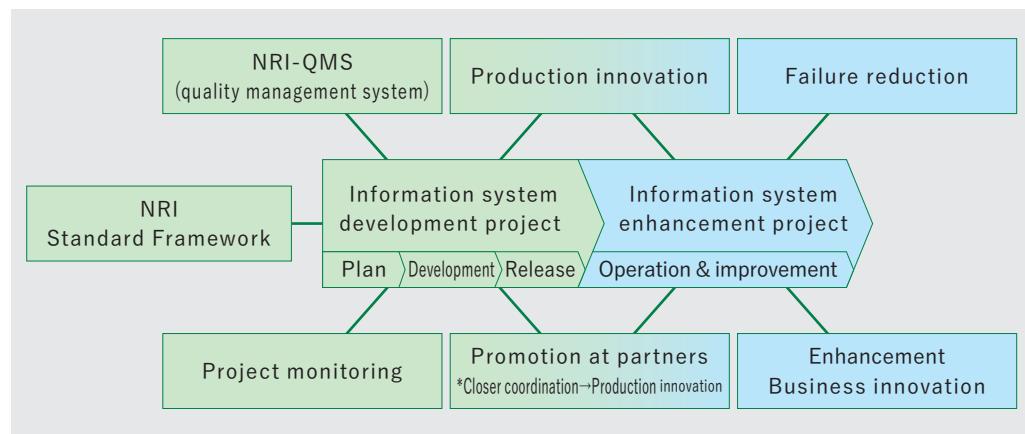
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Quality management in system development

NRI conducts to enhance the quality of information system development projects and maintenance and management projects, shown in the Quality Management Framework diagram. Maintenance and management projects are regarded not only as conventional maintenance and management operations, but as a service business that provides continual support to client businesses, including offering improvements and proposals. For this reason, they are called enhancement projects. The NRI Group places great emphasis on this business, in view of the need for high-level expertise and depth of operational knowledge and to increase the opportunities to identify seeds for business proposals that may lead to greater efficiency and advancement in client business operations.

The Quality Management Division supports the various business divisions with surveillance functions involving maintenance and with continual improvements to quality management systems, providing a standard framework (definition of processes and guidelines on how to achieve goals) and project monitoring, assessment and review and promotion and support functions, including enhancement, business innovation and coordination with business partners. These activities are interlinked and complement each other.

Quality management framework: Management and enhancement for quality



NRI-QMS quality enhancement system

* NRI-QMS:
NRI Quality Management System.

NRI has developed NRI-QMS*, a quality management system consolidating the rules and procedures for operational process devised to ensure project quality. This system is based on the knowledge that has been accumulated over the years through NRI's quality enhancement work. This system monitors project quality, and NRI continually improve quality by using the results of customer satisfaction (CS) surveys and the results of internal quality audits.

In addition, NRI has acquired ISO 9001 certification for system development projects over a certain scale.

Risk management & project support through project management activities

NRI has developed a scheme to provide systematic support for projects aimed

Do

at developing large-scale, complex information systems so that they will be successful.

The Project Management Division conducts uninterrupted surveillance of each ongoing project. In addition to providing support for their job functions and in order to alleviate risks, guidance is provided to project managers in upgrading the quality of the development processes and achievements.

NRI holds review committees when projects reach major milestones in NRI-QMS in order to identify and assess risks related to quality, revenue and expenditures as well as deadlines.

Review committees are set up at three levels: Company-wide, business divisions, and departments. The scale and characteristics of the information system project determines which review committee will review a particular project under construction. Under the auspices of the review committees, internal experts well-versed in project management, quality management, and information technology screen the project rigorously. The committees also provide appropriate support and take necessary steps as advising project managers and offering expertise. The results of the Company-wide review committees are reported in full to the Senior Management Committee, which carries out the necessary measures.

Start of the Third Three-Year Plan to Double Quality

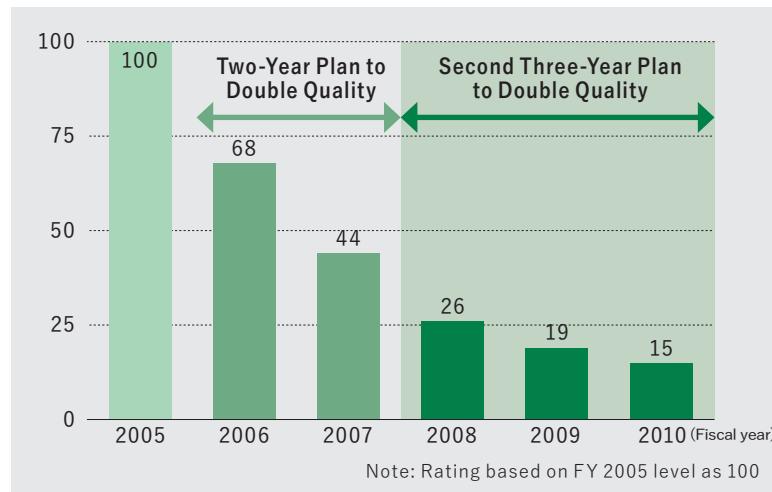
The most significant issue for quality management for information systems is to prevent system failures. NRI is carrying on its Two-Year Plan to Double Quality, which was launched in fiscal 2006, through its Second Three-Year Plan to Double Quality, which started in 2008. This plan aimed to reduce system failures—including failures that do not directly affect customers' operations—by 50% over fiscal 2007 levels by fiscal 2010. Thanks to these efforts, the goal was achieved one year earlier, in fiscal 2009. This is the result of the failure reduction activity model taking root in day-to-day business operations.

The failure reduction activity model consists of two activities. One is meetings on failure reduction held to into the root cause of the problems that extend to the planning and execution of corrective measures. The other is aimed at implementing medium and long-range measures based on an analysis of the failure mechanism and trends in root causes that are shared by a number of separate failure cases.

The Third Three-Year Plan to Double Quality was started in fiscal 2010 to achieve further reductions in failures and to reduce “calls” from operational personnel to development personnel spurred by alarms from systems in full operation. A clear future policy was established to promote greater visibility of failures and to reduce the number of problems at a level that does not directly affect the client. The reduction in “calls” reached the target set up early in fiscal 2010 and has contributed to improvements in labor affairs. The plan will continue in fiscal 2011.

Do

Changes in the number of failures



Improvements in quality and productivity with NRI Standard Framework

NRI shares the NRI Standard Framework, its guidelines on the standard procedures and activities and the operations to be carried out at each step via the intranet. The framework aims to ensure that design, development and project management in conformity with NRI-QMS and the review committee's screening are effective and efficient, and to enhance project quality and productivity. These guidelines incorporate templates and guides useful in preparing the deliverables at each step, case studies and other tools and checklists helpful in raising quality and productivity. This framework plays a key role in sharing practical know-how within the Company.

The NRI Standard Framework review conducted in fiscal 2009 was expanded in scope in fiscal 2010, to examine system configuration areas such as infrastructure development and operational design.

Promoting enhancements that drive innovation

Since fiscal 2005, the NRI Group has actively promoted enhancement work for innovation and made ongoing efforts to improve quality and productivity across the entire Group. These activities are being expanded to involve both NRI Group employees and partner company employees in Japan and other countries.

In fiscal 2010, NRI held seven clubs focused on enhancement solutions clubs to share initiatives and results in the area of enhancement work. Since the first meeting in 2003, the club has met over 77 times. Approximately 150 employees, including partner company employees, participated in each meeting.

Since fiscal 2010 marks the fifth anniversary of the start of enhancements that drive innovation, the results of these activities have been compiled into a book titled Nomura Research Institute's Team Reform that Stimulates Motivation.

At the Quality Improvement & Production Innovation Forum 2011 held in March of that year, 335 employees and partner employees attended to discuss the results of past activities. At the same time, panel discussions were held on what we should do to upgrade NRI quality and what perspective must be used in looking at the next step in the next five years.

Do

* 1 e-Partner:

Partner business possessing highly specialized business know-how and IT capabilities.

The 4th e-Partner^{*1} meeting to report on the results of these efforts to enhance quality was held in October 2010, attracting employees and 330 employees from business partners. In addition to activity reports from e-partners, a panel discussion titled "For Accurate Communication of Information" focusing on the importance of communication was held with the participation of panelists representing both NRI and partner business partners. Most recently, e-partners have started to hold their own enhancement business report meetings, and in 2010, five partners held meetings.



ASCII Shinsho

Nomura Research Institute's Team Reform that Stimulates Motivation

Written by Quality Management Division, Nomura Research Institute

Published December 10, 2010



Quality Improvements &
Production Innovation Forum

Quality management for system operations

Strengthening quality management using international standards

Stable system operations are indispensable to effective use of the information systems that NRI develops. The NRI Group has provided its customers with consistently high-quality system operation services 24 hours a day, 365 days a year, for many years. Through this, NRI has developed a quality management system, Operational QMS, to maintain the quality of its system operation services. In 1998, NRI obtained ISO 9001 certification for system operation services at its data centers.

However, Operational QMS under ISO 9001 alone is not sufficient in managing services that must fulfill the provisions of the service level agreement (SLA) and operating level agreement (OLA) concluded with its clients. For this reason, in fiscal 2008 NRI developed Operational ITSMS, an IT service management system based on ITIL^{*2}, as part of its efforts to earn the ISO 20000 international standard for the operation, maintenance and management of IT services. In August 2010, the scope of ISO 20000 certification expanded to add information systems serviced

* 2 ITIL:

Information Technology Infrastructure Library. Systematized and standardized compilation of business processes and methods employed in operating and managing information systems. Trademark or registered trademark of the United Kingdom Office of Government Commerce (OGC) in the UK and other EU nations.

Do

by NRI's Osaka Data Center, following the earlier certification of Yokohama Data Center 1 and Yokohama Data Center 2.

In accordance with these management systems, NRI will use the results of its CS surveys and records of system failures to raise quality and enhance IT services.

In addition, NRI Data iTech has acquired ISO 20000 certification for IT infrastructure total support services in December 2007 and for its comprehensive desktop service provided to Nomura Securities Co., Ltd., in October 2008.

Actions to improve management quality and reduce system failures

In any information systems management service, equipment failures, processing delays caused by a rapid rise in data volumes or other problems related to inappropriate operation cannot be eliminated. The Systems Management Section is engaged in various activities aimed at reducing these incidents and improving productivity, including reinforcing collaboration with information systems construction department, promoting standardized, automated labor-saving operations and improving operator skills.

Quality management in system development

NRI is working to strengthen its framework for system development with an emphasis on operational quality to raise the quality of its system operations.

This begins with closer collaboration with the systems development divisions to standardize management operations to give greater stability and efficiency in systems management. As part of this effort, items in the NRI Standard Framework have been reorganized. Training on understanding the impact of the development stage on the quality of system operations has also started for employees in the systems development division.

In addition, activities aimed at investigating the root cause and developing corrective measures are being organized in the event of failures and in coordination with the systems development divisions. For other operations and systems that are likely to experience similar failures, measures are being implemented in cooperation with the relevant development divisions, in order to prevent such failures.

Working in synergy with the Third Three-Year Plan to Double Quality, these activities have been effective in all system failures, including those that could possibly affect our clients' business operations.

Promoting standardized, automated labor-saving operations

NRI is working to automate system operations to eliminate failures caused by human error, such as work errors and omissions as well as errors in procedures. A proprietary NRI product named Senju, an operations management tool that automates system operations, both saves labor and minimizes errors. NRI uses other tools and case studies to prevent failures and react speedily and appropriately in the event of failures. Standardization of operations using other tools, looking at failure case studies, and other methods are being conducted

Do

to prevent failures and to ensure swift and appropriate action in the event of a failure.

Proposing improvement recommendations

NRI solicits the views of NRI Group employees and partner company employees to enhance the quality of its system operations. NRI rewards particularly impressive suggestions, and in fiscal 2010, over 1,200 suggestions for improvement were compiled. The recommendations made by employees well-versed in system operations are incorporated and formulated as measures to improve quality.

Improving skills for automated labor-saving operations

In stable information systems management, improving operator skills is a vital factor in controlling computers and network devices. Especially with advances in automated labor-saving operations, the operator must acquire specialized skills so that a small group of people can deal with a wide range of failure cases. For this reason, NRI organizes group training and e-learning training programs for operators to upgrade their awareness and improve their skills.

In addition, a technical skills assessment test program was introduced in fiscal 2005 to determine the level of mastery for operator skills, in order to assure clients that their operators possess more than the required skills and at the same time to stimulate operator incentives to acquire more skills. At present, operators belonging to business partners are also able to participate in the scheme. The system grants silver and gold certificates depending on the skill level and helps to boost operator skills and motivation.

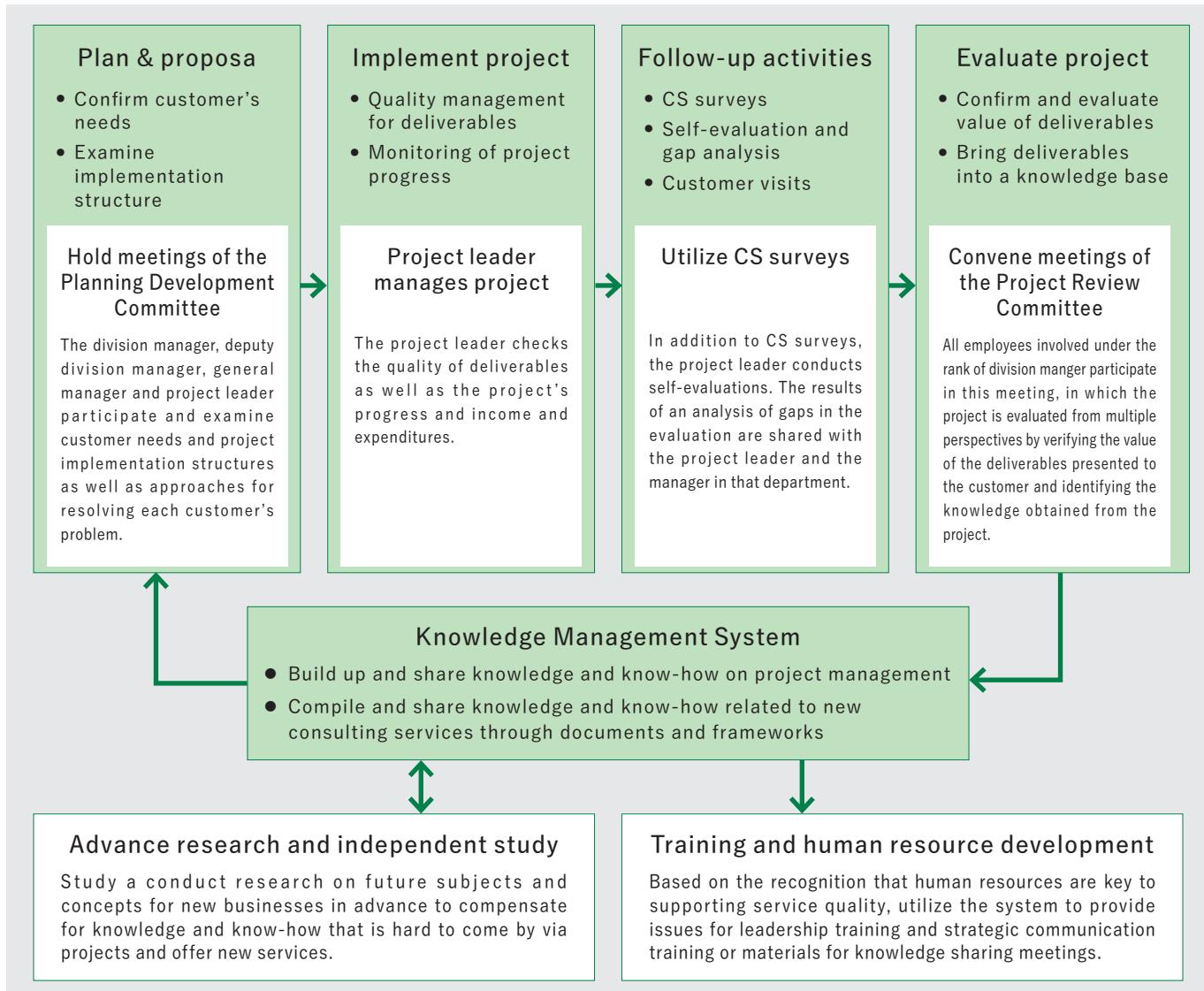
Quality management in consulting

Tailoring quality enhancement to specific project characteristics

NRI's Consulting Division and Systems Consulting Division provide consulting services on business management, policy making and system development to companies and government agencies in a wide range of industries and business sectors. NRI's customers work in a broad array of business domains, and the challenges they face grow more complex every year. Therefore, quality management must be tailored to the particular project's attributes and executed with appropriate timing.

For this purpose, the Consulting Division holds planning and development meetings during the project planning and proposal stage, project review meetings at project completion and customer satisfaction surveys (CS surveys) as follow-up. The knowledge acquired from these projects is compiled into a Knowledge Management System database which is utilized for new research and proposals and also for continual improvements to NRI's consulting services through the project quality enhancement cycle.

Quality enhancement cycle for the Consulting Division



Do

Based on past experiences, the division believes that value must be created and presented to customers based on four valuation standards in order to win client acclaim. These are studied in both meetings of the Planning Development Committee and meetings of the Project Review Committee.

The four valuation standards for consulting projects

- Identify clearly the client's true issues in problem-solving
- Present a problem-solving hypothesis and verification method that is unique to NRI
- Propose appropriate project management and operational methods to the client and, with the client's approval, implement them in coordination with the client
- Real achievements can actually resolve client problems and bring innovation to the organization or business

The System Consulting Division organizes division review meetings and conducts customer satisfaction surveys for the same purpose. At the same time, the findings are added to the division and project knowledge and knowhow on the division knowledge site for sharing and continuous quality enhancement.

Check & Act

[Fiscal 2010 evaluation]

- The Third Three-Year Plan to Double Quality has started to reduce calls from operating personnel to development personnel
- Achievements in enhancements that drive innovation have been compiled into a book published in December 2010 and made available to the industry at large
- In August 2010, the scope of ISO 20000 certification was expanded to add information systems serviced by NRI's Osaka Data Center, following the earlier certification of Yokohama Data Center 1 and Yokohama Data Center 2
- The NRI Standard Framework was expanded in scope to examine system development areas such as infrastructure development and operating design. However, costs increased in new areas

[Major plans for fiscal 2011]

- Maintenance and continuous improvement of the quality management system
- Continued implementation of the Third Three-Year Plan to Double Quality
- Maintenance and continuous improvement of the IT service management system

Information Security Management

Sophisticated information security management serving as a model for society

Plan

The NRI Group fully understands the role that it should play as a company providing information services. As such, the NRI Group is working to live up its reputation as a corporate group with a sophisticated security management framework that earns the trust of customers and society and serves as a model for the corporate sector.

[Major plans for fiscal 2010]

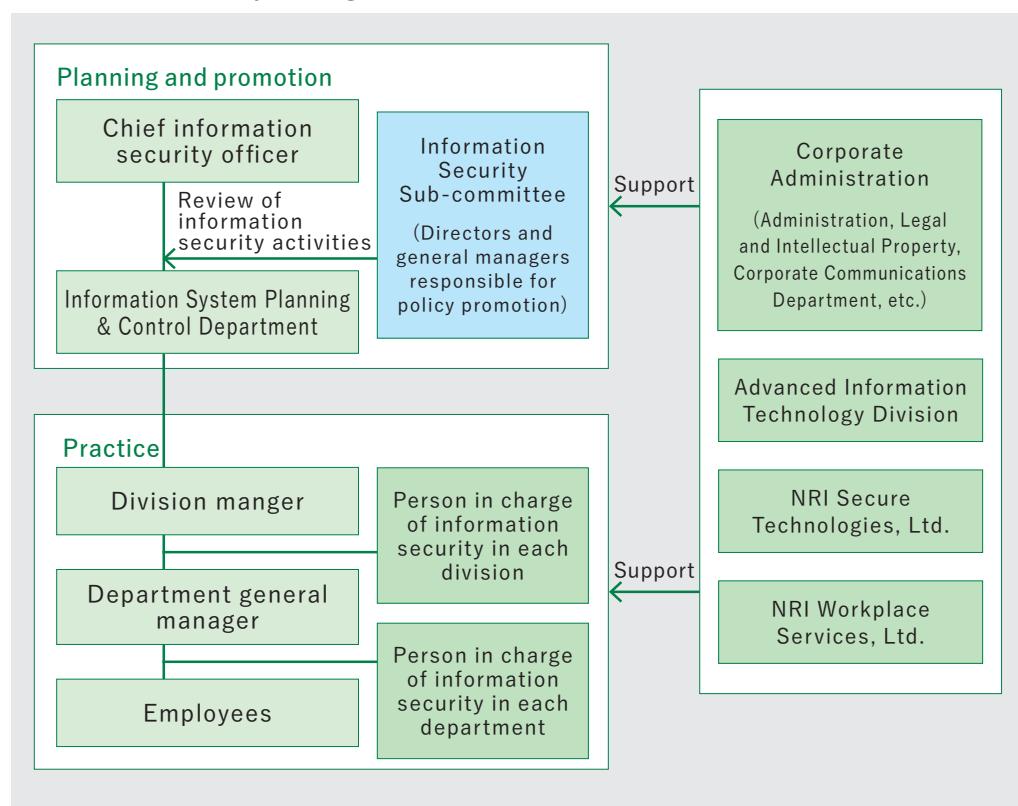
- Reinforce management of client data
- Strengthen measures to prevent information leaks
- Comprehensive information security in the office environment

Do

Comprehensive information security in the office environment

At NRI, under the chief information security officer (Corporate Senior Vice President), the information System Planning & Control Department takes the leading role in drafting, planning and promoting information security, and works to systematically improve the level of security.

Information security management structure



Do

Establishing guidelines and rules, and educating employees

The NRI Group has established management regulations governing information security, confidential information and personal information in compliance with laws on information security, and advances in information technology. These regulations are revised when necessary.

NRI refers to the guidelines devised and issued by government offices when setting these regulations and rules.

Moreover, NRI makes its guidelines and rules available on the intranet to ensure that its employees are familiar with them, and includes temporary employees in its briefings and group training.

In 2010, information security management regulations were developed for our overseas subsidiaries, upgrading our global security management structure.



Poster for the Ten Commandments
of Information Security

Careful information security management in system development and operation services for customers

The NRI Group provides very careful security management when handling customer information as a part of its system development and operation services. In particular, NRI regards managing the security of the information NRI receive from its customers as one of our most important risk management issues. In addition to preventing data leaks, efforts are being directed to improving rules and management procedures for more skilled management. Due to the wide range of customer industries and systems and the data involved, management cannot be done appropriately with just a single set of rules. For this reason, the rules on system and data access are defined and managed separately for every project.

In fiscal 2010, NRI's operation and management status was inspected, as had been done in the previous year, for all projects handling client information. As a result, instructions on how to make improvements were issued for projects identified as requiring improvements in the level of management, and NRI was able to confirm that those improvements have been implemented.

In the future, the rules that are developed for separate projects will be communicated to all relevant parties as in the past so that NRI can make planned

Do

and continual improvements.

NRI is striving to step up security at its data centers, which safeguard customer's important information. Specifically, each NRI data center is implementing measures to prevent fraudulent access and fraudulent use of information, including requiring authorization for access to networks, encrypting portable media, designating security areas within data centers, and monitoring entrances for computer storage media brought into or taken out of the facility. In addition, 3D holographic scanners and X-ray devices have been installed at data center entrances to enhance inspection and security clearance for people entering and exiting the facilities.

The Yokohama Data Center 2 was designed and built in accordance with an operational policy that in principle forbids anyone from entering and exiting. If someone must enter, more rigorous security measures than other data centers are implemented.

Rigorous information security management in offices

NRI prevents fraudulent incursions at its main offices with two sets of security gates between the building entrance and the workspace and security cameras recording all persons entering the workspace.

Employees' computers are automatically run through a security check when they are turned on. A program has also been adopted in which employees' computer security settings are automatically reported every week to the staff in charge of security.

NRI Group appropriately disposes of discarded media and information equipments to prevent the leak of important information as follows.

Appropriate disposal of media and information equipments, including important information

Equipment & media	Disposal method
Information devices such as PCs	<ul style="list-style-type: none"> A reliable waste disposal company with which NRI has a confidentiality agreement destroys the computers so that past information cannot be retrieved from internal storage devices such as hard disks
Floppy disks, CDs, DVDs and other electronic media	<ul style="list-style-type: none"> Electronic media is disposed of after breaking it down using a shredder specifically for electronic media
Paper	<ul style="list-style-type: none"> Broken down using shredder Collected in a locked iron disposal box for important documents and then melted down by a reliable waste disposal company with which NRI has a confidentiality agreement

Do

NRI in principle prohibits employees from taking important information such as confidential data relating to clients out of corporate facilities. The hard drives of every laptop PC used outside the Company are encrypted for those situations that require taking such information outside.

PC software prohibiting data transfer from employees' PCs to electronic media reinforces control to ensure that data is not taken out of corporate facilities.

In fiscal 2010, the security control status in offices at major overseas locations was reviewed, and improvements were implemented.

A security status survey was also conducted on domestic group companies.

Stringent information security management by partner companies

The NRI Group subcontracts system development and operations to many partner companies. As such, NRI requires that they provide a high level of information security management. (See "[Engagement with Business Partners](#)")

Each year, presentations to business partners are organized to explain our quality improvement activities and rules that must be observed. Furthermore, on-site visits are paid when necessary to business partners in Japan and other countries that are engaged in development at their respective company venues. Business partners are accepted for some of the NRI Group's employee training programs. In fiscal 2010, we held security presentations for business partners at 265 companies in Japan and 13 companies in other countries.

Certification on information security

The NRI Group has acquired ISMS certification based on JIS Q 27001, the standard for information security management. It has also been granted the Privacy Mark awarded to businesses with schemes for implementing measures to protect personal data.

Certification on information security

Certification	NRI business division and organization
ISMS certification	Yokohama Data Center 1, Osaka Data Center, Securities IT Service Division, and System Consulting Division (partial businesses) All businesses at NRI Secure Technologies
Privacy Mark	NRI Ltd. NRI Net Com, Ltd. (former NRI Network Communications, Ltd.) NRI Data iTech, Ltd.

Managing Information Security at Our Data Centers

NRI's data centers maintain a special structure to protect customer information and equipment.

Advanced security systems

- IC cards and a biometrics authorization-based system for managing facility entries and exits
- Equipment to prevent people from bringing or taking out anything without authorization (including 3D holographic body scanners, X-ray devices, and monitoring cameras)

Facilities to ensure uninterrupted 24/7 operations

- Facilities to ensure uninterrupted 24/7 operations
- Multiple backup facilities and fuel and water stores

Disaster responsiveness

- Facilities are on sites with strong ground structures and which are not vulnerable to flooding
- Buildings employ seismic and quakeproof design technologies



Entry and exit gate employing 3D holographic body scanners and X-ray devices (such equipment serves at many airports to prevent terrorism)

Check & Act

[Fiscal 2010 evaluation]

- Zero major information security incidents
- Inspection and confirmation of improvements in operation and management of all projects that handle data received from clients
- Security presentation meetings held for 265 business partners in Japan and 13 overseas

[Major plans for fiscal 2011]

- Continue to reinforce management for client data
- Continue to strengthen measures to prevent information leaks
- Reinforce information security measures at group companies in Japan and overseas offices

Intellectual Property Management

Working actively to acquire patents and prevent violation of others' property rights

Plan

Intellectual property is becoming increasingly important in corporate management. The Group is aggressively acquiring intellectual property rights.

[Major plans for fiscal 2010]

- Create intellectual property management structure that is commensurate with global business expansion
- Promote intellectual property awareness in the information service industry
- Manage software licenses more appropriately and efficiently

Do

Structure for promoting intellectual property management

The Legal and Intellectual Property Department manages the intellectual property that emerges in the NRI Group's R&D and system development processes and is actively involved in applying for and acquiring patents. Five NRI employees in their department have credentials as lawyers specializing in industrial property right such as patents and commercial trademarks. These employees maintain close communication with each division while working to encourage employees to acquire patents and educating them in intellectual property rights.

When negotiating with an external intellectual property rights holder over right, NRI rigorously studies the facts and responds appropriately to the rights holder.

Raising employees' awareness of intellectual property right

The NRI Group works hard to raise awareness of intellectual property rights such as patents and copyrights, carrying out programs designed to raise awareness among employees and encourage them to acquire patents.

In fiscal 2010, improvement on employee awareness and customer satisfaction were pursued through patent awareness seminars organized by the Information System Development Division, as well as patent study sessions organized in response to demands from corporate clients.

Strengthening software license management

In April 2008, NRI established software license management regulations as one of its measures to prevent infringements of intellectual property rights. We also adopted a license management system for operations and developed a program to efficiently confirm the consistency of licenses and software installed on company computers, with administrators in each department and office.

Do

Under the software license management system, we underwent a software audit by vendors in fiscal 2010 and won third-party acclaim for our fair and efficient license management.

Developing intellectual property

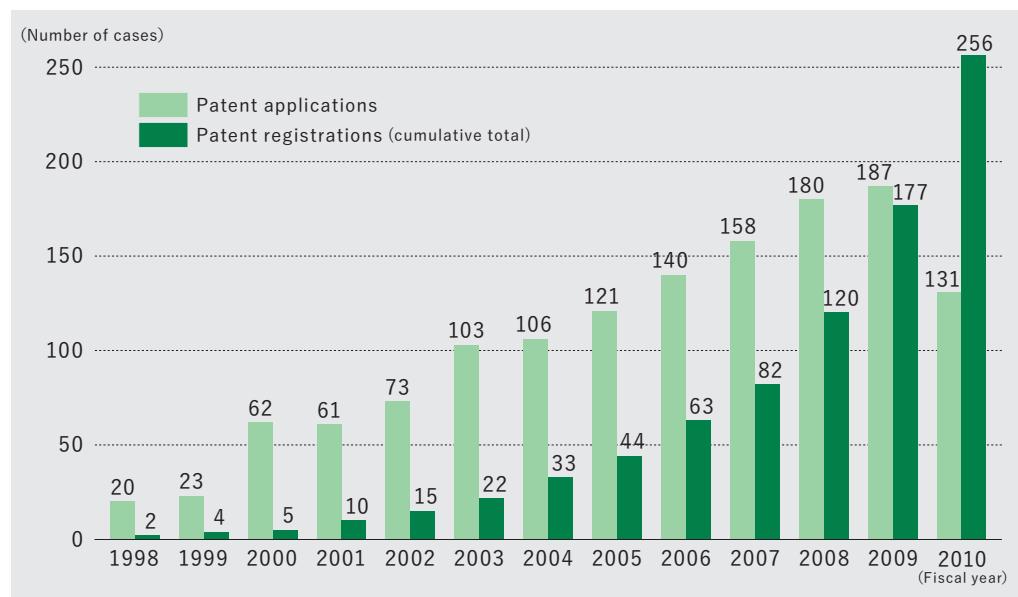
Intellectual property is growing in importance in business management. The NRI Group also recognizes that effective use of intellectual property and acquiring the rights for technologies and business ideas that have been created in its IT solutions business are vital factors in increasing corporate value.

Development staff and intellectual property staff in each business division holds regular meetings for free exchanges of ideas and knowledge and to encourage the creation of new ideas.

In fiscal 2010, employees in various fields of expertise held repeated exchanges of views on advanced technology and other things and successfully applied for patents for the concepts developed.

These activities to create business by applying for and acquiring patents will continue into the future to provide services that benefit society.

NRI patent applications and registrations



Global Intellectual Property Rights

The NRI Group is accelerating its expansion globally, represented by expanding our businesses in China and other parts of Asia as described in Vision 2015. In this business vision, solid support is being provided for intellectual property related to services and products scheduled to be launched in China and other countries.

In particular, clearance research* has been conducted in fiscal 2010 to avert patent infringements in China in cooperation with the business and legal affairs divisions. Concurrently, new patent applications have been made in other countries to protect our business. As a result, nine patent applications have been successfully accepted during the year (compared to two in fiscal 2009). Other preparations are underway to build global intellectual property capabilities to support our business expansion, including building connections with overseas offices and boosting coordination with intellectual property experts in the global arena.

* Clearance research:

Research into potential infringements of NRI technology or products on patents held by other companies.

Intellectual property awareness in the information services industry

Japan's information services industry is still young compared to its manufacturing industries. For this reason, realities in the industrial sector are not necessarily reflected in intellectual property rights. The NRI Group is engaged in promoting awareness through support for industry associations in encouraging the industrial sector to address the intellectual property issue, and in increasing awareness of these rights among relevant parties.

In fiscal 2010, two employees of the Intellectual Property Department participated in the Intellectual Property Working Group set up under the Japan Information Technology Services Industry Association (JISA) and played a leading role in planning and managing IP seminars for member companies. JISA members praised the intellectual property rights seminar held for executives of their companies to address structural changes in the information services industry (from ownership to use of information system) for including employees of our Intellectual Property Department in planning and organizing the lectures.

We sent one representative each to the Software Committee and the Digital Contents Committee of the Japan Intellectual Property Association, contributing to intellectual property research in their respective areas.

Check & Act

[Fiscal 2010 evaluation]

- In our global business, make primarily survey on intellectual property and acquisition of rights (nine overseas patent applications)
- Confirm fair and efficient software license management in response to software audit by vendors
- Aggressively promote IP awareness and research by industry associations

[Major plans for fiscal 2011]

- Contribute to business by analyzing IP-related information
- Promote intellectual property awareness through industry associations
- Manage software licenses more appropriately and efficiently

Environmental Protection

Reducing environmental impact for NRI and for society as whole through our business activities

Plan

* 1 Green purchasing:

Purchase of items that are truly necessary and that have the lowest possible impact on the environment, as indicated by the Eco Mark, for example.

* 2 Energy consumption efficiency:

Indicator defined by dividing the total energy consumption for all NRI data centers by the energy consumption of the IT equipment installed in these centers.

* 3 e-manifest:

A scheme that manages the flow of industrial waste entrusted to disposal service providers over a communications network.

The NRI Group is actively engaged in environmentally conscious business activities, with all of our executive officers working on reducing environmental impacts. In addition to making environment-related recommendations to society and impact-mitigating solutions to clients, we are also reducing consumption of resources and energy, practicing green purchasing^{*1}, recycling and cutting waste in our business activities. Reduction of environmental impact at our data centers, which consume roughly 80% of our total power consumption, is a particularly important issue, addressed with greater energy efficiency through the updating of facilities, etc.

[Major plans for fiscal 2010]

- Implement proper responses to Law Concerning the Rational Use of Energy and revisions to local
- Speed up the company-wide drive to reduce environmental impact
- Improve energy consumption efficiency^{*2} 1% from fiscal 2009 levels at Yokohama Data Center 1 and Yokohama Data Center 2, Hiyoshi Data Center, and Osaka Data Center
- Introduction and management of e-manifests^{*3} at Yokohama Data Center 1 and Yokohama Data Center 2, and Hiyoshi Data Center

The NRI Group's Environmental Policy

Tadashi Shimamoto

President, CEO and COO, Nomura Research Institute, Ltd.

The NRI Group is actively engaged in environmentally conscious business activities, and all of our executives and employees are working to mitigate environmental impact.

The activities are known as "NRI Green Style," and are being promoted systematically and continuously.

1. Contributing to global environment issues through business activities

As a company that is building the society of the future, we address global environment issues by offering our clients and society recommendations on the environment and solutions for reducing environmental impact.

2. Environmental activities involving full participation

All of the executives and employees recognize the importance of environmental protection

to prevent global warming. As members of their respective local communities, they are using creative thinking and ideas to become actively involved in social contribution activities.

3. Greater environmental awareness

In order to boost awareness of global environment problems, we put on environment education and awareness activities for executives and employees and business partners.

4. Compliance related to the environment

Compliance with laws and regulations on environmental protection both in Japan and other countries is strictly observed. Actions to reduce environmental impact are implemented in a way that meets the demands of society.

5. Reducing environmental impact

Activities aimed at conserving resources and energy are being introduced at NRI offices and data centers to reduce environmental impact.

Do

Environmental improvement activities involving all employees

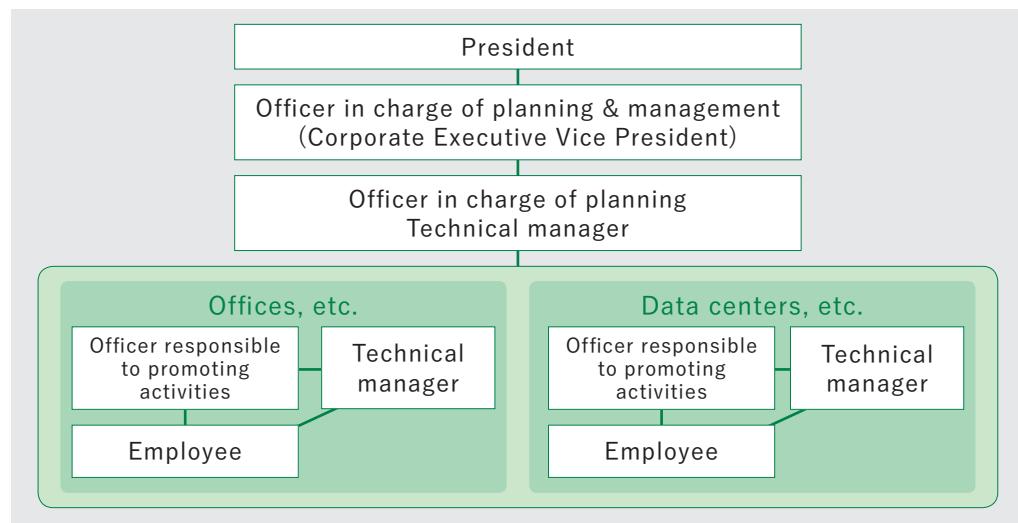
NRI Green Style activities

The NRI Group began its drive to mitigate environmental impact and protect the global environment with its NRI Green Style activities in June 2010. An organization has been set up to promote environmental activities as described below. Promotional measures have been introduced under the NRI Group's Environmental Policy and they are being implemented and firmly established in the organization.



The symbol for NRI Green Style activities

Structure to promote environmental activities



Do

Contributing to building a low-carbon society through systems solutions and recommendations on the environment

We develop various information systems at our client companies to introduce greater business efficiency, paperless administration, and efficient distribution and manage the data at our data centers. This dramatically reduces CO₂ emission compared with independent systems development and management by the client. NRI data centers also use advanced technologies to conserve energy in power supply and air conditioning systems, etc., which makes a significant contribution to reducing CO₂ emissions for the whole of society.

In addition, we organize numerous lectures on energy conservation indexes for data centers and international cooperation at meetings related to Green IT both in Japan and other countries. It has also published a book titled Green IT Creates International Competitiveness and makes recommendations on how to create a low-carbon society.



Toyo Keizai, Inc.
Green IT Creates International Competitiveness
Nomura Research Institute

Company-wide drive to conserve resources and energy in business activities in the office

The NRI Group has long been working on the environmentally conscious use of resources and recycling. In addition, it has been steadily increasing the number of stationery items purchased under the Green Purchasing program, and ensuring that the paper used in nearly all the offices of the NRI Group is either recycled paper or FSC-certified paper*. A scheme to recycle office paper is also in place. Paper that has been shredded or incinerated (see "[Information Security Management](#)") and PCs are also being either reused or recycled as resources because of the need to maintain confidentiality.

At meetings, a work style that eliminates the use of paper has been adopted.

In 2010, "NRI Green Style," which aims to encourage all employees to reduce environmental impact, was publicized through posters, etc., to reduce CO₂ emissions. Air conditioning system temperatures have been optimized, employees have been encouraged to dress in "Cool Biz" attire, and energy-saving settings have been made on PCs, displays and multifunction printers. Other efforts such as optimized office lighting (reduced luminance), "reduction, reuse and recycling" of waste and Green Purchasing are also being introduced.

* FSC-certified paper:

Paper made of timber harvested from forests that are managed in a way that preserves the environment and helps local communities.

Do



ASCII Shinsho

How the Nomura Research Institute Eliminated Paper
Written by the Committee to Promote Paperless

Offices, Nomura Research Institute

Published on February 10, 2010

Law Concerning the Rational Use of Energy and local government measures to address global warming

* 1 Law Concerning the:

Rational Use of Energy Law related to the rational use of energy.

In response to revisions to the Law Concerning the Rational Use of Energy^{*1} in Japan and local government measures on global warming, since 2008 we have been building a scheme to assess energy consumption in the office and greenhouse gas emissions. Data on CO₂ emissions is shown below.

In 2010, we submitted a plan to address global warming issues to the Ministry of Economy, Trade and Industry, the Tokyo Metropolitan Government and the City of Yokohama. Measures to reduce energy consumption and CO₂ emissions are scheduled to be implemented based on this plan.

* 2 In February 2010, the new "Yokohama Minato Center" was opened and total energy emission increased compared to the previous year. However, we reduced at three centers (Marunouchi, Kiba and Yokohama).

CO₂ emission data for offices^{*2}

Offices, etc.	2009 (Units: t)	2010 (Units: t)	Change (%)
Tokyo area	8,818	6,714	-23.9%
Yokohama area	8,624	11,999	+39.1%
Other office buildings	1,179	1,090	-7.6%
Total	18,621	19,803	+6.3%

Environmental preservation initiatives at data centers

Environmental Policy for System Operation Services

Reducing the environmental impact at our data centers, which account for roughly 80% of our total power consumption, is a particularly important issue that is being addressed by updating facilities to achieve greater energy efficiency

Environmental Policy for System Operation Services

Takuji Nakamura, Corporate Vice President

Environmental Management Systems, Nomura Research Institute, Ltd.

NRI helps to preserve the environment by ensuring that every employee working in system operations at data centers provides environment-friendly system operation services and by promoting ongoing activities to improve the environment.

1. NRI considers the environment in its system operations and facility management operations at its data centers.
2. NRI builds and runs an environmental management system and makes improvements on a continuous basis to prevent environmental pollution.
3. NRI complies with relevant environmental laws and regulations and adheres to other external requirements.
4. NRI sets environmental objectives and environmental targets and revises them on an annual basis.
5. NRI's environmental policy is posted on its website and all employees involved in system operations at data centers are familiar with these policies. The general public can also access these policies at the company's external website.

Established on August 30, 2004

Latest revision on April 1, 2009

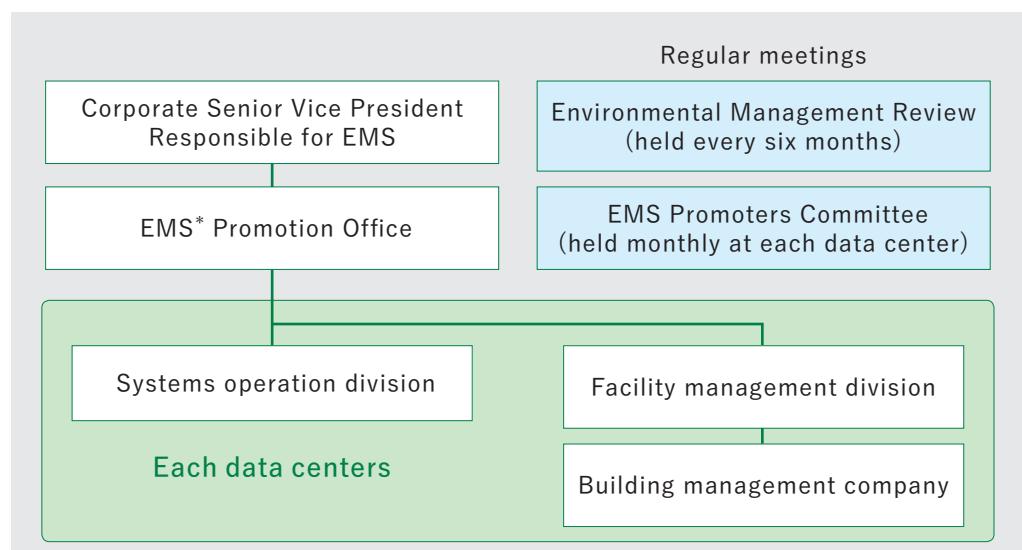
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Environmental preservation initiatives at data centers

NRI has developed an environmental management system based on its environmental policy for system operation services and has obtained ISO 14001 certification, the international standard for environmental management systems.

Structure for environmental improvement activities

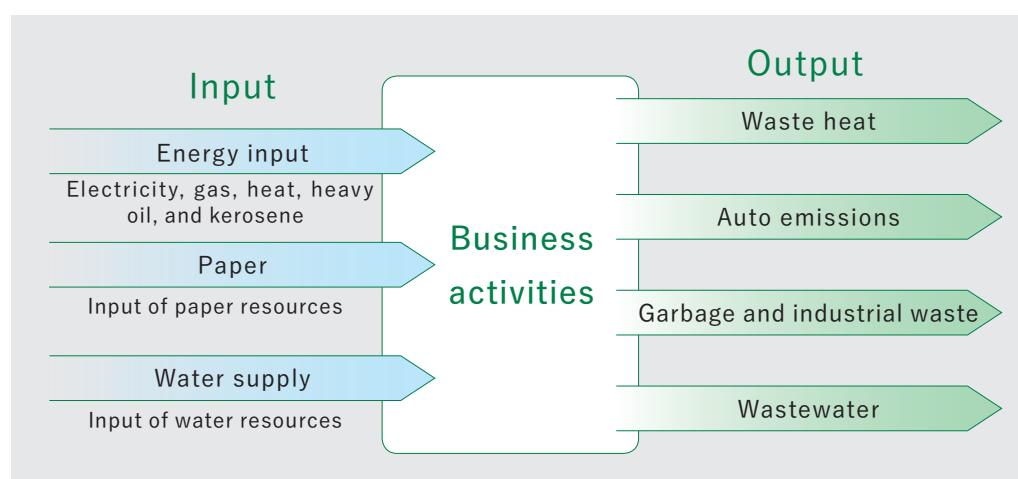
* EMS:
Environmental Management
System.



Do

NRI analyzes data on the environmental impact of business activities at its data centers to identify factors that could harm the environment. This allows NRI to systematically reduce its environmental impact. NRI also carries out a bi-annual internal audit by an ISO 14001 certifying body so that it can verify that its environmental management system is being operated properly and to make improvements as necessary. In fiscal 2010, an update audit took place once every three years to extend certification. In order to ensure effective audits, job training is underway to train internal auditors.

Information on environmental impact of business activities at data centers



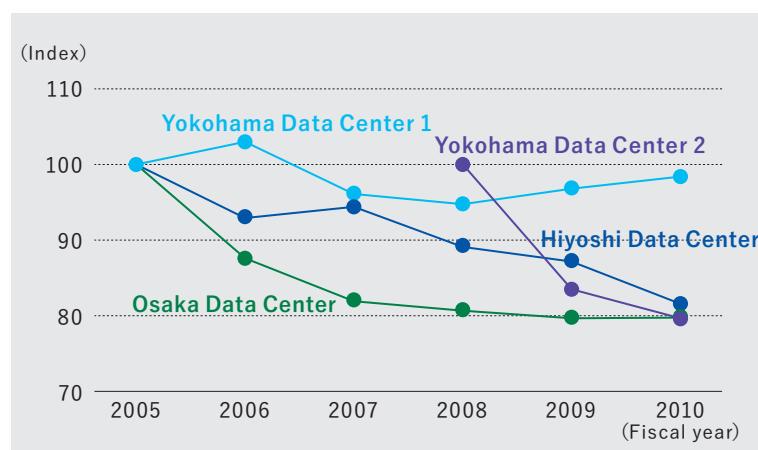
Improvements in energy efficiency

NRI's data centers worked to improve efficiency and reduce pre-unit energy consumption by 1% over the previous fiscal year.

In fiscal 2010, one freezing facility at Yokohama Data Center 1 and two freezing facilities and 25 air conditioning units at the Hiyoshi Data Center needed to be updated and were replaced by more energy-efficient facilities.

To ensure efficient energy consumption, facilities at each data center will be similarly updated with more efficient equipment.

Efficiency of electricity consumption at data centers



* The benchmark year is 2005. However, the benchmark year is 2008 for Yokohama Data Center 2, which was completed in October 2007.

Do

Reusing office supplies and green purchasing

NRI data centers have also started reusing stationery and other office supplies and green purchasing. Quantitative targets are set for each data center, pushing up the green purchasing ratio steadily.

In fiscal 2010, the Osaka Data Center won recognition for its active efforts to reduce and recycle waste and received an award as a "building recognized for excellence in waste reduction" by the Environment Bureau of the Osaka City Government.

Introduction of e-manifest

The e-manifest is a scheme to replace the industrial waste management form (paper manifest), in which a communications network is used by data processing centers, waste-discharging businesses, waste collection & transport businesses and waste disposal businesses that control the flow of industrial waste commissioned for processing by the waste-discharging party.

NRI's data centers introduced e-manifest in fiscal 2010 in order to strengthen compliance with laws and regulations on industrial waste processing and to cut down on the use of paper. The scheme then went into operation at our three data centers (Yokohama 1, Yokohama 2 and Hiyoshi).

* Although the CO₂-equivalent emission volume increased at certain data centers with the increase in data center use, the drive to upgrade the energy consumption efficiency has led to achieving the energy consumption efficiency improvement target for all four data centers.

Environmental targets and data centers (fiscal 2010)

Activity item	Target	Performance	Rate change	Change in CO ₂ emissions
More efficient energy consumption	1% improvement in energy consumption efficiency (over 2009)	Yokohama Data Center 1	1.6% increase	Equivalent to approx. 416 tons in CO ₂
		Yokohama Data Center 2	4.8% decrease	Equivalent to approx. 548 tons in CO ₂
		Hiyoshi Data Center	6.5% decrease	Equivalent to approx. 1,086 tons in CO ₂
		Osaka Data Center	0.2% increase	Equivalent to approx. 24 tons in CO ₂
		Total for four data centers*	1.7% decrease	Equivalent to approx. 1,194 tons in CO ₂
Comprehensive sorting of waste	Sorting based on laws and local government ordinances	<ul style="list-style-type: none"> Implemented in compliance with laws and local government ordinances Introduction of the e-manifest scheme at three data centers 		

Activity item	Target	Performance	Rate change	Change in CO ₂ emissions
Development of human resources	Environmental education through e-learning	<ul style="list-style-type: none"> • Approx. 500 working at data centers complete environmental e-learning courses 		
	ISO 14001 internal auditor training	<ul style="list-style-type: none"> • Eight internal auditors trained 		
	Promoting greater environmental awareness	<ul style="list-style-type: none"> • Preparations begin for building an e-learning environment for the Systems Management Division employees outside data centers (those not included in environmental management systems operation) 		
Other activities	Update audit by ISO certification body	Implemented in December 2010		
	Local community cleanup activities conducted	Conducted at all data centers		
	Promotion of office supplies green purchasing	Continual quantitative assessment of the state of green purchasing		
	Reuse of office supplies	Continued reuse of office supplies		

「NRI Green Style Activities」

～Developing activity for each employee to pursue continuously～

Shinichi Shibayama

Manager, Administration Department,
Nomura Research Institute, Ltd.

The NRI Group is implementing activities under the basic framework of "Green by NRI" aimed at reducing the environmental impact on society of our business activities and "Green of NRI" targeting reducing our own environmental impact from our data centers and offices by implementing our own environmental measures.



The main activities under "Green by NRI" focus on systematizing client business operations, accepting client servers at NRI data centers for efficient management, use of shared services for multiple clients and other IT solutions, to contribute to reducing the environmental impact on society as a whole. Information related to reducing environmental impact is being communicated in our navigation activities through consulting and policy recommendations.

In "Green of NRI," facilities with outstanding environmental performance are being installed at NRI data centers, which account for roughly 80% of our total power consumption. Under ISO 14001 certification, activities are continually reducing the environmental impact. Basic energy-saving measures that include reducing and turning off unnecessary lighting in office buildings and energy-saving measures for IT equipment are being implemented at our offices. Also, cutting-

edge efforts are being implemented in Japan through an innovative work style that eliminates the use of paper.

In 2010, the NRI Group's Environmental Policy was developed to embark on "NRI Green Style" activities in earnest and to organize activities known as "5 Action Conducted Individually." This is aimed at defining measures that can be implemented on an individual basis for each quarter and at introducing and firmly establishing those activities internally. Individual employee awareness is also being promoted through messages related to "NRI Green Style" activities by the CEO and directors inside the structure, as well as sharing the state of progress through the internal SNS community and e-posters.

People became more conscious of the need to save power with the Great East Japan Earthquake of March 2011. These activities gained greater momentum and progress, and Green by NRI and Green of NRI are being conducted on a continuous basis.

Check & Act

[Fiscal 2010 evaluation]

- Development of the NRI Group's Environmental Policy to pursue protection of the global environment and harmony between mankind and nature
- Implement proper responses to Law Concerning the Rational Use of Energy and revisions to local and submission of plans for global warming countermeasure to local governments, etc.
- Start of "NRI Green Style" activities to promote efforts to reduce environmental impact
- 1% improvement in energy consumption efficiency at four data centers (over 2009) was achieved, despite the shortfall at Yokohama Data Center 1 and Osaka Data Center
- Introduction and management of e-manifests at Yokohama Data Center 1, Yokohama Data Center 2 and Hiyoshi Data Center
- Continue reuse of office supplies and quantitative assessment of green purchasing at each data center
- Development of a scheme to assess energy consumption at 34 offices, including small offices

[Major plans for fiscal 2011]

- Improve energy consumption efficiency 1% from fiscal 2010 levels at four data centers
- Implement proper responses to Law Concerning the Rational Use of Energy and revisions to local and execution of the global warming countermeasures plan developed in 2010
- Continued NRI Green Style activities



NRI's Unique Contributions to Society

Striving for social contributions that reach the hearts of people

We strive to strengthen bonds with society through social contributions that reach the hearts of people. To forge bonds that epitomize NRI, the Company is propagating information to provide insights into a new society and supporting the cultivation of the younger generation and managers who will bear the responsibilities of the next generation. Along with our stakeholders, we are striving aggressively to build the framework for a better society. We take every opportunity to foster communications with stakeholders and to pass on easily comprehensive information on the positive CSR activities that we conduct in the pursuit of our business to parties inside and outside the Company.

[Priorities] Propagation of intellectual assets, Development of human resources, Development of society

Propagation of Intellectual Assets

Propagating information useful in creating future society

The NRI Group publishes the results of its research activities on various themes such as society, industry, management and IT in the form of books, periodicals, reports, and website.

Release of survey results and information useful to society

The NRI Group conducts studies on themes and issues that attract social attention and publishes its findings.

Results of research published in fiscal 2010

- Survey of corporate IT users on the status of IT (May 2010)
- Survey of travel to Japan by residents of three Asian cities (October 2010)
- Survey of the state of operational risk management at Japanese banking institutions (November 2010)
- The third survey on the current state of IT in relation to management strategies (February 2011)
- Survey on the result of "ID ecosystem" introduction utilizing private sector resources in a "Japan national ID system" (February 2011)
- Survey of media contact trends related to the earthquake disaster (March 2011)

In fiscal 2010, NRI Group published 17 books bringing together the knowledge it has gained in its operations. As a sequel to the Business Innovation Series, following How the Nomura Research Institute Eliminated Paper published in 2009, 12,000 copies of The Nomura Research Institute's Team Innovation that Stimulates Work Incentive were published and were favorably received.

Main books published in fiscal 2010

- Currents in Next-Generation Financial Business 2010—Change of Course Accelerates to Emerge from the Financial Crisis
Nomura Research Institute, April 2010
- Service Industry in 2015—Dramatic Shift from Rare Model to Abundant Model
Toyo Keizai, Inc., May 2010



- Green IT Builds International Competitiveness—Business Strategy Attracting Worldwide Development of a Low-Carbon Society
Toyo Keizai, Inc., May 2010
- Industry Reorganization Now & In The Future
Nikkei Inc., May 2010
- IT Revolution in Hospitality—Experience How Technology Transforms Business
Toyo Keizai, Inc., July 2010
- The Age of Upstream and Transcending TV—The Power of Live Broadcasts by Users
Impress Japan Corp., July 2010
- New-Generation Retail Banking—Image of the Bank Created from a Consumer Perspective
Kinzai Institute for Financial Affairs, July 2010
- Q&A—IFRS Response by Banking Institutions
Kinzai Institute for Financial Affairs, July 2010
- Information Security in the Age of Cloud Computing
Nikkei Business Publications, August 2010
- Introduction to Infrastructure Funds
Toyo Keizai, Inc., September 2010
- BoP Business Strategy—What Is Happening in Emerging and Developing Markets
Toyo Keizai, Inc., November 2010
- The Nomura Research Institute's Team Innovation that Stimulates Work Incentive
ASCII Shinsho, December 2010
- IT Roadmap 2011—Information Communications Technologies Five Years from Now
Toyo Keizai, Inc., January 2011
- What Will Happen in the Information/Communications Markets—IT Market Navigator 2011
Toyo Keizai, Inc., January 2011
- Becoming an Agile Business with Reusable IT—Harvest Time for BPM and SOA
Nikkei Business Publications, January 2011
- Corporate Communications Management—Publicity Strategy Changes the Company
Toyo Keizai, Inc., March 2011
- E-Books in 2015—Reading the Present & The Future
Toyo Keizai, Inc., March 2011



In addition, the NRI Group published the monthly periodicals Knowledge Creation and Integration, which introduces issues of great interest in social and industrial fields, and IT Solutions Frontier, which provides a window into cutting-edge IT information as well as NRI's system solutions. In April 2009, NRI International Pension Research Series presenting papers on the subject of pensions was introduced. In this report, we reported on the latest research related to pension management, including overseas information, and is issuing recommendations focusing on key points in the management of Japan's pension fund system that require improvement.

Nearly all of these monthly publications and reports are available to download from our website free of charge.

Periodicals published by NRI



In addition to the above, we are communicating information, including recommendations, as well as research and survey findings on building the future society, to society at large through a wide variety of media.

Informational activities

	Fiscal 2008	Fiscal 2008	Fiscal 2008
Number of columns provided to newspapers and magazines	348	326	331
Speeches & Lectures	712	875	939
Appearances on TV and radio	77	77	68
Number of news releases	136	132	96

The original NRI Newsletter, Offering its Opinions and the Latest Information

NRI publishes NRI Newsletter that offers our own unique opinions and knowledge on various developments in society as well as issues, signs of change, and new developments, and communicates the latest survey and research findings to the media and the public at large.

The NRI Newsletter consists of special features by our experts on topics of current interest, analysis of the state of society based on our own original research data, commentary on currently popular keywords and topics of current interest, introductions to our publications, and many other features.

Launched in September 2002, it published the 100th issue in January 2011.

NRI Newsletter Mini Book, a compilation of back issues published to commemorate the 100th issue
NRI Newsletter is available only in Japanese. In English, we provide NRI Papers and others.



Seminars and forums on management and social issues

NRI holds seminars and forums for shareholders, customers and the general public to propose its roadmap for the future. Its Dream up the future Forum is the largest of these events and has been held annually since 2003.

In October 2010, NRI held a forum entitled "The Power to Achieve Breakthrough Innovation" in Tokyo and Nagoya, drawing an audience of approximately 5,000 people. With external experts and our employees as speakers and panelists discussions were held on Japan's current economic crisis, the aging population and falling birth rate, and issues such as the environment and the direction that Japan must take to build greater vitality.

Visitors to the forum this year were asked to submit questions related to the theme, which were picked up and commented on by the panelists. This new format stimulated great interest.



Dream up the future Forum 2010
(Tokyo)

Regular seminars and forums held in fiscal 2010**IT Roadmap Seminar 2010** (Tokyo, May & November 2010)

May—"Social CRM" stimulates development of new ties between consumers and businesses

November—New corporate competitiveness emerges from data

Dream up the future Forum 2010 (Tokyo & Nagoya, October 2010)

—Power to Achieve Breakthrough Innovation

Joint symposium with Kyoto University (Kyoto, November 2010)

—Cloud Computing Society—From Ownership to Use of Information Systems

NRI New Year's Forum 2011 (Tokyo & Osaka, January 2011)**IT and New Society Design Forum 2011** (Tokyo, February 2011)

Organized jointly with NTT Data Corp.

—Changing Japan, Creating with IT—

Chinese version of the official website launched

In face of the increasing volume of business and partnerships with businesses, national and local governments, universities, etc., in China, we have launched a Chinese version of our official website in March 2011 in order to foster greater understanding. At present, information is being communicated on the web in Japanese, English and Chinese.

Development of Human Resources

Supporting the training of managers and the young people who will shape the future

NRI is committed to fostering the training of the younger generation and managers who will bear the responsibilities of the next generation, and supports the development of human resources both in Japan and overseas. Among a host of initiatives, NRI offers courses for corporate managers at the Nomura School of Advanced Management, has students visit NRI, send employees to lecture at Universities, and sponsors a student essay contest.

Nomura School of Advanced Management helps train managers

The Nomura School of Advanced Management (NSAM) is a business school established in 1981 to train managers and executives. Its nonprofit objective was recognized in November 2009, when it was accredited as a public interest incorporated foundation. Making good use of its own research and management consulting experience, NRI has been involved in the operations of the school since its inception.

From its establishment, NSAM has for 30 years continued to offer an Advanced Management Program for top management. This program invites the faculty of Harvard Business School to give lectures that enhance business judgment and decision-making from an advanced strategic viewpoint. These courses which over the past 30 years have been attended by 2,038 participants have won enthusiastic praise. Of these attendees, 139 subsequently became chairpersons or presidents of listed companies.

In addition, NSAM welcomes faculty from the Wharton School of the University of Pennsylvania and the University of Tokyo to give lectures, and also offers lectures on management. As of fiscal 2010, a total of 5,395 managers and executives have completed courses at the school.

Through NSAM, NRI plans to continue supporting the training of human resources for corporate management in Japan.

Courses at the Nomura School of Advanced Management

Name of course	Description
Nomura Advanced Management Program	Top managers analyze and discuss more than 40 case studies requiring management assessment to refine their discernment, intellect and judgment
Nomura Advanced Management Program	Participants debate actual case studies to deepen their grasp of finance and improve their judgment on investment decisions, gaining insight into creating corporate value from a strategic perspective

Name of course	Description
Nomura-Wharton Financial Management Program for Value Creation	Participants gain a better understanding of the basic theories needed to make investment decisions and devise finance strategies for value creation and practice applications
IT Management Program for Non-IT Executives	Participants discuss the application of ICT to create corporate value using a case study approach, and improve the IT assessment and management capabilities with world top-class lecturers



The Nomura Advanced Management Program by Prof. Joseph L. Badaracco, Jr., of Harvard Business School

Improving career education programs for high school students

In order to stimulate high school students' interest in occupations by providing them with work experience and opportunities, we offer a variety of career education programs. In 2010, we began our Teambuilding Training Program and Lectures on Demand Program in addition to the NRI Consultant for a Day Program.

In August, the NRI Consultant for a Day Program, the Teambuilding Training Program and Lectures on Demand Program were held in Sapporo City at the request of the Sapporo City Board of Education, and attended by 41 1st-year and 2nd-year students from Hokkaido Sapporo Asahigaoka High School and Hokkaido Sapporo Moiwa High School.

Also, a program on how to write reports was held for 40 students from Toyama Prefectural Namerikawa High School. The school is engaged in a program which conducts field research on the bustling commercial districts of Tokyo and the findings are used by the students to develop ideas on how to stimulate business in shopping districts. These ideas are then proposed to the city government and to commercial district associations.

We received a request from the high school to learn how to write reports from experts. Employees specializing in consulting in the area of regional business promotion prepared the program for the school. Participants commented that, "Exchanging opinions with others in the group was fun," and "We found that planning one step at a time is important in thinking, giving a presentation and organizing."



Career education program with our employees as instructors

Fifth NRI Student Essay Contest

NRI has sponsored the NRI Student Essay Contest since 2006 to give university and high school students opportunities to consider Japan's future. For the 2010 competition, we solicited essays from university and exchange students on the subject of what Japan can do for the world. High school students wrote on the way to appeal Japan in the world, and accounted for 744 of the 899 essays we received. This was significantly higher than the 267 submissions from high school students in 2009.

Every year, NRI Group employees volunteer to solicit and screen entries. As part of this effort, the volunteers contact or visit their old schools or seek essays from students at universities where they lecture.

Guest judges were journalist Akira Ikegami and nonfiction writer Hazuki Saisho. We awarded 9 prizes.

From 2009, we gave winning university and exchange students opportunities to read their essays before the awards ceremony and exchanged views with our employees.



2010 NRI Student Essay Contest commemorative photo

Inaugurating Tsinghua University Scholarship

In September 2009, NRI launched a scholarship at Beijing's Tsinghua University to foster China's aspiring IT experts.

Through this program, we will provide the equivalent of ¥12 million in funding over five years for exceptional students of the university's School of Information Science and Technology. We provided scholarships to 14 students from September 2009 to November 2010, and they use them to attend the academic workshops in Japan or China, for example.

We aim to continue cultivating talent in Japan as well as in China and elsewhere in Asia.

Helping to develop human resources for the future

Student visits and workplace experience programs

Once again in 2010, the NRI Group has accepted student visits and sent out its employees to speak at schools in response to requests from 16 schools in Japan and other countries. With the introduction of new programs such as Lectures on Demand Program in 2010, more than 1,000 students participated.

Schools that sent students to visit NRI / Places NRI employees visited in 2010

School	Number of Students	Contents
Tokyo Institute of Technology Graduate	31	Data center tour & discussion
Arima Junior High School, Kawasaki	6	Response to interview survey of workers in big businesses
Tezukayama Senior High School	80	Employee speaks on "Work and School Life"
Kinki University	13	Discussion on drawing out the "work instinct" in people
Namerikawa High School, Toyama	40	Discussion on drawing out the "work instinct" in people
Hokkaido Sapporo Asahigaoka High School Hokkaido Sapporo Moiwa High School (on request from Sapporo City board of education)	41	Lecture: "What is important in working in society" / NRI Consultant for a Day Program / Teambuilding Training Program
Hakuoh University	14	Lecture by employee specializing in BoP (Base of Pyramid) business
Himeji-higashi High School, Hyogo	11	NRI Consultant for a Day Program
Gunma Prefectural Chuo Secondary School	33	NRI Consultant for a Day Program
Ota High School, Gunma	35	Lecture: "What is important in working in society"
Takasaki High School, Gunma	32	Lecture: "What is important in working in society"
Wakimachi High School, Tokushima	423	Lecture & demonstration on the 3D virtual space tool SiteCube
Toin High School, Wakayama	280	Lecture: "Research consulting work and the role of communications in society"
Kanazawa Sogo High School, Kanagawa	5	Response to interview on working, etc.
Yokohama National University (International Student Center)	5	Data center tour
Total	1,049	



NRI Consultant for a Day Program



Visit by students from the Tokyo Institute of Technology Graduate Schools

NRI provides training for teachers

Since 2006, NRI has accepted teachers for training at the request of the Japan Institute for Social and Economic Affairs. This program is intended to provide teachers with experience in corporate activities that will help them gain knowledge about private companies that can then be used in the classroom.

In August 2010, NRI accepted nine teachers from elementary, junior high and high schools, and special-needs schools in Tokyo. The training consists of presentations on the NRI Group's information security management activities, various research and survey case studies, group work with NRI employees in the same age group discussing self-development in the future and discussions on social responsibility in schools. Through the program, we hope that they will utilize the NRI Group's expertise in their schools..

Supporting the network for Economic Education for middle and high schools

NRI supports the activities of the private organization Network for Economic Education, which was established in June 2006 to improve the education of economics in middle and high schools. This network provides educational information on economics for instructors and holds workshops with the aim of improving the education of economics.

Offering courses at universities and appointing lectures

The NRI Group dispatches consultants and system engineers to universities in Japan and overseas to give lectures on management and IT. In fiscal 2010, 67 NRI employees gave talks at 31 universities.

Lectures given at universities in fiscal 2010

University	Department/Faculty	Name of lecturer
Hokkaido University Graduate School	Graduate School of International Media, Communication and Tourism Studies / Research Faculty of Media and Communication	Michio Kitamura, Takeshi Nomura, Yoshiaki Saito
Tokyo Institute of Technology Graduate School	Graduate School of Decision Science and Technology	Noboru Shiomi
Nagoya University Graduate School	School of Informatics and Sciences	Hideaki Nakamoto, Mitsuyoshi Sugaya, Noriya Kobayashi
Japan Advanced Institute of Science and Technology	School of Knowledge Science	Naoki Ikezawa, Hiroyuki Nitto
Shiga University Graduate School	Graduate School of Economics	Manabu Fukuchi, Naoji Kumagai, Taku Ogata, Hideyuki Yamada, Takeshi Murakami, Hizami Midarai, Masato Hasegawa
Kyoto University Graduate School	Graduate School of Informatics	Makoto Yokozawa, Takafumi Kinoshita
Kobe University Graduate School	Graduate School of Business Administration	Chikashi Shimura, Takeshi Murakami, Kenji Yamada

Courses given at universities in fiscal 2010

University	Department/Faculty	Name of lecturer
Miyagi University	School of Project Design	Tokutaro Hiramoto
University of Tsukuba	Master's Program in Public Policy, Graduate School of System & Information Engineering	Katsuya Masuda
Aoyama Gakuin University	Graduate School of International Management	Yoshio Murata
Keio University	Graduate School of Media Design Faculty of Policy Management	Teruyasu Murakami Teruyasu Murakami
Kokushikan University	School of Asia 21	Hizami Midarai
Komazawa University	Faculty of Business Administration	Hiromichi Yasuoka
Sophia University	Faculty of Law Faculty of Science & Technology	Hiroyuki Inami Hironori Shinano/Touru Nagata/Juri Yanagisawa/Norihito Miwa/Tsuyoshi Sakaguchi/ Hitoshi Mizuishi/Kazuhiko Komamura/Junichi Sakamoto
Tokyo Metropolitan University	Faculty of Urban Environmental Sciences	Yukiko Sasame
University of Tokyo	Graduate Schools for Law and Politics Graduate School of Mathematical Science Master's Program in Sustainable Urban Regeneration Graduate School of Public Policy	Sadakazu Osaki Junichi Sakamoto Hiroya Masuda Hiroya Masuda/Katsuhito Hasuike

University	Department/Faculty	Name of lecturer
Tokyo Institute of Technology	Graduate School of Decision Science and Technology, Value and Decision Science	Masanori Miyai/ Hiromichi Yasuoka
Tama University	School of Management and Information Sciences	Satoshi Nakagawa
Chuo University	Faculty of Science and Engineering Chuo Graduate School of Accounting	Takao Shiino Tomohiko Taniyama
Nihon University	College of Humanities and Sciences	Junichi Sakamoto
BBT University	Department of Business Management	Noritaka Kobayashi
Hosei University	Business School of Innovation Management	Masaru Tsunoda/Kouichi Nishikata
Meiji University	School of Information and Communication	Hiromichi Yasuoka
Meisei University	School of Economics	Kinya Kokubo
Rikkyo University	College of Business	Hiroyuki Nitto
Waseda University	Graduate School of Commerce Graduate School of Creative Science and Engineering Faculty of Commerce	Sadakazu Osaki/Toru Morisawa Takayuki Nakagawa Sadayuki Horie
Shiga University	Center for Community Partnership	Ryoichi Isihi
Osaka University of Economics	Graduate School School of Business Information Systems	Sadayuki Horie
Kyoto University	Graduate School of Management	Touichi Kimura
Kyoto Prefectural University	Faculty of Public Policy	Hiroya Masuda
Ritsumeikan University	Graduate School in Business Administration	Shingo Konomoto /Masahiro Toriyama
Kyushu University	Arts, Science and Technology Center for Cooperative Research	Shingo Konomoto
Dalian University of Technology	Department of Electrical and Electronics Engineering	Masaki Yokoi
Dalian Jiaotong University	Information Engineering Institute	Masaki Yokoi

Development of Society

Helping to build a better social framework

The NRI Group is a member of a number of business organizations, including Nippon Keidanren (Japan Business Federation) and the Japan Information Technology Services Industry Association (JISA). The Group actively participates in committees related to central government, local government and independent administrative entities, and collaborates on demonstration projects with them.

Through this involvement and by making recommendations at international conferences, NRI discerns new social paradigms, and proposes a social framework as well as the policies and schemes needed to realize it.

Holding IT and New Society Design Forum 2011

In cooperation with NTT Data Corporation, NRI has been engaged in a variety of activities since 2009 with the aim of greater vitality to the IT services industry. As part of these activities, the IT and New Society Design Forum 2011 was held in February, attracting more than 1,000 visitors.

NRI and NTT Data have been working jointly since 2009 in the desire to contribute to making a breakthrough in the current impasse in Japan through IT and at the same time create opportunities for reform and improve the appeal of the IT services industry.

In the second year of collaboration, the two companies conducted a workshop on creative city design and research into "design-type" human resource that possesses not only IT skills but also management-oriented business skills.

NRI will continue to explore the new directions that the IT services industry must pursue, and at the same time, as a business enterprise, contribute to providing social infrastructure.



Panel discussion: New Society Vision and Design—
Changing Human Resources & Expectations in IT

Supporting initiatives toward a ubiquitous network society

In a ubiquitous network society, anyone can use information communication technology (ICT) to access networks whenever, wherever, and for whatever

reason. Since 2000, NRI has published papers and books on the prospects for a ubiquitous network society, and has helped to shape policy to realize this goal.

With the advanced information and communications infrastructure in place today, ubiquitous networks are now increasingly used in daily life and in the business sector. In order to enhance Japan's quality of life and international competitiveness under government initiatives through the application of these technologies, various efforts are underway to build a ubiquitous network society.

The Japanese government has been conducting studies into a national ID system as a common infrastructure that will enable national and local government bodies to synchronize data while protecting personal data and coordinating with a review of the introduction of a national code for social security and taxation.

In May 2010, in "A New Strategy for Information and Communications Technology," the Japanese government announced its plans to introduce a national ID system by 2013. Tapping into its experience in supporting the demonstration project of the Ministry of Economy, Trade and Industry and of the Ministry of Internal Affairs and Communications related to the national ID system, as well as its experience in conducting investigations into and verification of coordination with private sector ID schemes ensuring information security and privacy, as members of the Strategy Headquarters, NRI executive officers have participated in the deliberations and have assisted in policy planning. Additionally, we have been providing support for the international application of OpenID technology, which is the user authentication technology used on the Web, and founded and participated in establishing OpenID Foundation Japan, a juridical entity organized to promote and disseminate the technology in Japan. NRI personnel have several times been appointed to the office of director since its inception and have been involved in its management. An NRI employee has also been appointed as chairman of the OpenID Foundation in the US from 2011 and is working with American businesses on the international standardization of OpenID. It is working on the cutting edge, building social infrastructure that will enable safe and secure data exchange on the Web through new technologies related to OpenID worldwide.

We are also involved in developing guidelines related to international policy and assists in policy coordination planning. In 2010, we participated in the Organization for Economic Co-operation and Development (OECD) 1st Green Manufacturing Summit as a representative of industry in the member country. We gave a presentation on environmental issues and economic growth and case studies of coexistence with sustainable development in developing countries and put forward recommendations on the roles to be played by national governments and on coordination between the government and private sectors.

It is also participating in the development of a sustainable society through ICT in cutting the impact on the global environment. Another venue of participation is the Global Information Infrastructure Commission (GIIC), which deliberates on social reform (eco-innovation) aiming at coexistence of global environmental protection and economic growth through technological innovation. At the same time, we reported on how the IT industry measures the impact of green IT.

Through these activities, we will continue to cooperate in working to build a ubiquitous society that enhances the quality of our society.



NRI personnel speaking at an international conference

Supporting the BoP business to resolve social issues in developing countries

Approximately 70% of the global population falls into the low-income segment earning under \$3,000 per year, known as the Base of the Economic Pyramid (BoP). The UN Millennium Development Goals aspire to cut the percentage of the population in this segment to half of the 1990 level by the year 2015 and so to eradicate extreme poverty.

In order to achieve this goal, we are cooperating with governmental and aid organizations as well as nongovernmental organizations in resolving issues that affect the poor, such as hygiene and disease, through our operations. Businesses that are generating jobs in these countries have begun to appear gradually.

We commenced research into the BoP business in earnest in 2005 and have supported BoP business among Japanese enterprises through our consulting services. It is also directing our energies to developing and promoting the BoP business, taking on a commission from the Ministry of Economy, Trade and Industry in 2008 to build a framework to promote the BoP business.

Drawing from our pool of know-how, we contribute to the popularizing the BoP business as part of our social contribution activities through active involvement in lectures for economic and industrial associations and interviews in publications and appearances on TV.

In May 2010, an NRI representative appeared on a program on NHK TV to comment on the potential of and issues in the BoP business. In October, the internal knowledge and expertise we have built up through our consulting experiences were compiled into a book titled BoP Business Strategy—What Is Happening in Emerging and Developing Markets published by Toyo Keizai, Inc. In January 2011, a book titled What Strategy to Adopt in the BoP Mega Market was published by Nikkei Publishing Inc. to promote a better understanding of the BoP business among the wider population.

In fiscal 2010, lectures and speeches were made at Miyagi University and many other universities on the significance of and current conditions in the BoP business.



Toyo Keizai, Inc.

BoP Business Strategy—What Is Happening in Emerging and Developing Markets

Nomura Research Institute

Published on November 11, 2010

NRI continues contributing to stimulation of the BoP business that links the resolution of social issues in emerging and developing countries with market-creation activities in business enterprises and supports social development in these countries.

Other Contributions

NRI executives and general staff volunteer for social contribution activities as good corporate citizens

Contributing to community cleanup activities

To contribute to community beautification, NRI has been conducting monthly cleanups since September 2007 in areas near their offices in Kiba, Koto-ku, Tokyo, and Hodogaya-ku, Yokohama City. In fiscal 2010, we expanded the scope of participation by soliciting the cooperation of various business divisions and gained the participation of some 500 volunteers in total. Community cleanup activities are also being organized at NRI data centers as part of their environmental improvement activities. (See "[Environmental Protection](#)")

In November 2010, employees of the Osaka Data Center participated in "Clean Osaka," a citywide beautification event to clean up the area around the data center.



A cleanup in action (Yokohama)



Employees participating in a community cleanup (Kiba)

NRI donates money for school meals for African children through the Table for Two program

NRI has participated in the Table for Two program since May 2008. In this program, companies in developed countries provide healthy menu options at their employee cafeterias and other venues, and donate 20 yen for every meal bought by the employees. This money pays for school lunches in developing countries.

Donations by employees who eat there are matched by an equivalent donation by NRI.

In fiscal 2010, NRI and its employees were able to donate enough to supply 16,112 meals for African children through the nonprofit organization Table for Two International.

Donating used computers to further IT education

In order to support IT education and vocational training, we have been donating used PCs from our offices in cooperation with T's Future Co., Ltd. since 2007.

In April 2010, 60 PCs were donated to the NPO organization Sodateage Net. In March 2011, 20 laptop PCs were donated to another NPO body, Samurai Gakuen Schola Imagine.

NRI will continue to donate PCs as our contribution to IT education, which supports human resources development.



Sodateage Net president Mr. Kudo (left) and Mr. Yamamoto (right) holding donated PCs

Contributing to Earthquake Reconstruction

The NRI Group extends its deepest sympathies to all those who suffered in the Great East Japan Earthquake and pray for the earliest possible recovery. NRI Group activities to aid in recovery from the earthquake disaster are as follows.

Donation of emergency relief money

On March 14, immediately following the disaster, we made a corporate contribution of ¥30 million to the Central Community Chest to support disaster victims.

Donations by NRI Group employees, including those from overseas subsidiaries, amounting to ¥37,756,000 were combined with our corporate donation of ¥38,244,000 for a total of ¥76 million, and this was donated to the Central Community Chest through Keidanren (and partly to the Japanese Red Cross Society).

In total, NRI has donated ¥106 million as emergency relief for the damage caused by the Great East Japan Earthquake.

Earthquake Disaster Reconstruction Project

In the drive to assist recovery in the disaster-struck areas, we started up an Earthquake Disaster Reconstruction Project directly under the President on March 15, 2011. Actual NRI Group activities as of May 31, 2011 are as follows.

Recommendations regarding disaster reconstruction emergency measures

In order to deal with this major earthquake disaster, NRI believes it necessary to implement the following five emergency measures concurrently.

1. Victim assistance
2. Action to deal with the Fukushima Daiichi nuclear plant accident
3. Regional and industry rebuilding
4. Power supply measures
5. Disaster prevention measures based on our experience of this earthquake disaster

We have announced recommendations on these themes coordinated with developments.

1st recommendation (March 30):

How to respond to power shortages in the summer of 2011

2nd recommendation (April 4):

Basic direction for a regional and industrial rebuilding plan for Tohoku

3rd recommendation (April 8):

Maintaining local communities by registering and locating disaster victims

4th recommendation (April 8):

Impact of the earthquake on employment; approach to securing and creating employment going forward

5th recommendation (April 8):

Promoting comprehensive disaster reduction measures

6th recommendation (April 15):

Promoting energy-saving measures in the home

7th recommendation (April 15):

How ICT infrastructure should be prepared and utilized following the earthquake

8th recommendation (April 19):

International transportation for reconstruction, tourism, and logistics measures

9th recommendation (April 22):

I Impact of the earthquake on employment; approach to securing and creating employment going forward (2)

10th recommendation (May 19):

Promoting reconstruction works utilizing private sector funding and expertise

11th recommendation (May 19):

Approach to industrial reconstruction—toward the formation of pioneering new industrial sites

IT-based reconstruction assistance solutions

Utilizing the know-how that we have built up from our business operations, the following solutions have been supplied with the aim of aiding disaster victims and people who are providing assistance in the disaster region.

- Feedback Message Utilization System linking disaster victims and their supporters
A system delivering feedback messages regarding support commodities and supplies from the victims to their supporters
- Voice analysis report in the disaster region
Requests for assistance from the disaster-struck areas posted in the social media are analyzed by our solutions and published on our website
- Road navigation information in the disaster-struck areas
Information provided via "Toureta Douro (Passable Roads)," a free-of-charge app for the android smartphone, to facilitate distribution and transportation.

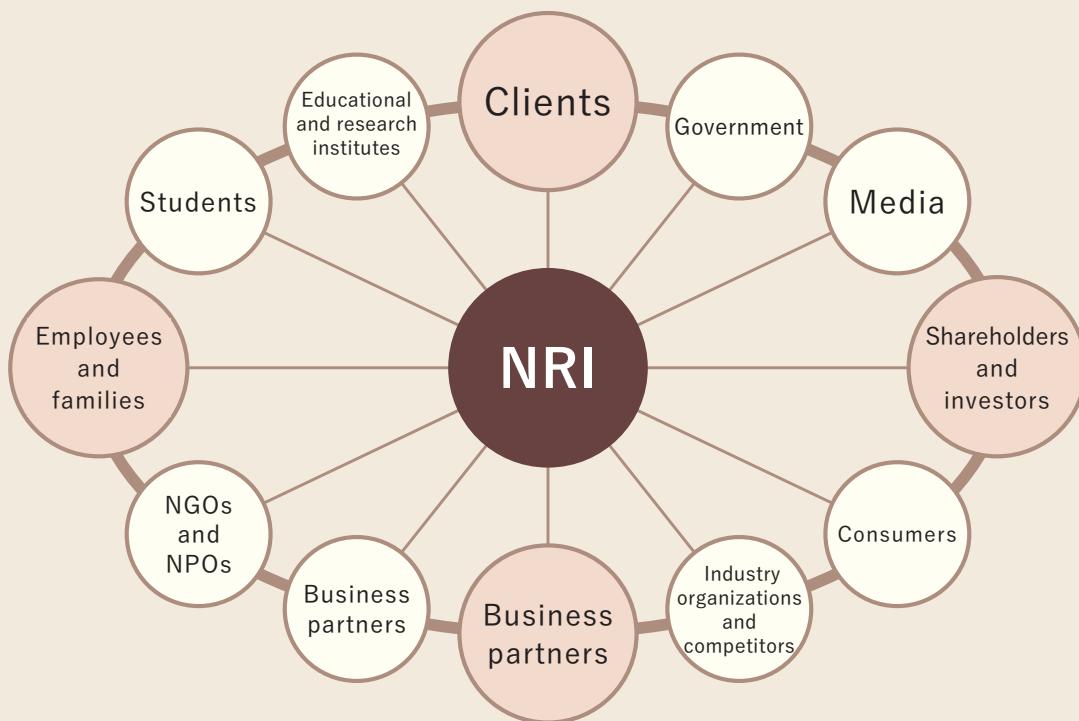
Full support for Miyagi Prefecture's disaster reconstruction plan

Miyagi Prefecture is currently forming a "Miyagi Prefecture disaster reconstruction plan," that outlines the major activities to be conducted over the next 10 years, as well as the roadmap to achieve these projects. As part of the disaster reconstruction project, we have concluded an agreement with the prefectural government to lend its full support in planning the earthquake disaster reconstruction plan.

NRI will be utilizing our know-how on disaster prevention, regional development and industrial development to develop a plan that is oriented towards local citizens and the future, for the development of Miyagi Prefecture, the whole Tohoku region, and the entire country.

Engagement with Stakeholders

The NRI Group's stakeholders primarily comprise clients, employees and their families, shareholders and investors, and business partners, but also extend in a broader sense to consumers, mass media, communities, industry organizations and competitors, public administrations, educational and research institutes, students, NGOs and NPOs, and the environment. We will continue to engage with stakeholders while helping to create a better society and reinforcing social trust.



Engagement with Clients

Earning clients' trust and making steady progress together

Plan

The NRI Group achieves its corporate mission of earning clients' trust and making steady progress together by following its basic policy of conducting business activities with integrity, fulfilling contracts conducted with its clients and satisfying clients with its services.

[Major plans for fiscal 2010]

- Carry out client satisfaction surveys
- Hold forums for clients

Do

Comprehensive assessment of client assignments

NRI decides to accept an assignment from a client only after due consideration of its responsibilities as a contractor. These responsibilities include meeting quality standards and deadlines, as well as accepting the legal, ethical and business risks of the project. This process includes credit screening using information provided by credit rating agencies and other analysts in Japan and abroad, as well as deliberations for each project by the Senior Management Committee as well as meetings held in each division. Using such materials as proposals and estimates at each of the committee and meeting levels, a decision is made on whether to take on a project after conducting a comprehensive assessment that considers the project's possibilities, growth potential and social impact.

Client satisfaction surveys

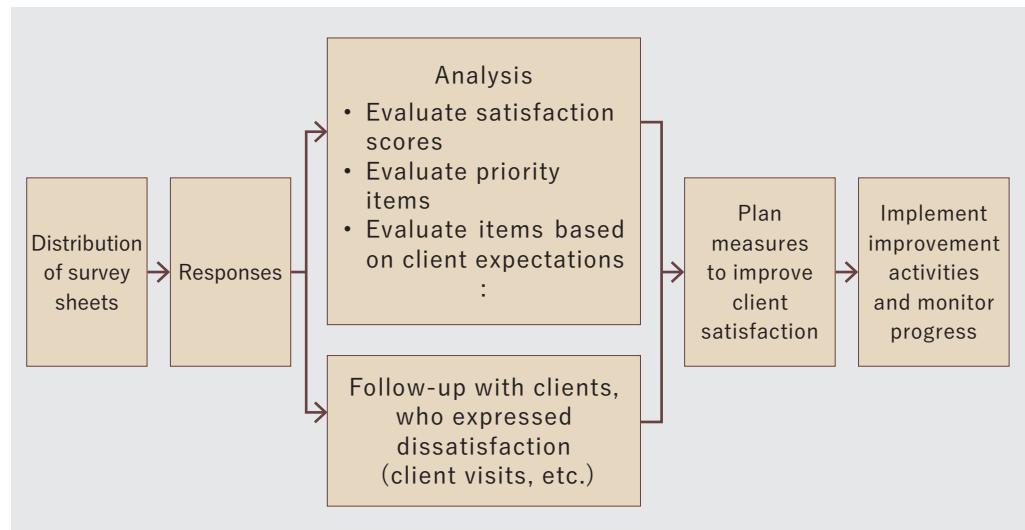
NRI conducts client satisfaction (CS) surveys for all of its projects to ensure that valuable insights from clients lead to better service.

These surveys give clients an opportunity to evaluate the overall project and also to express their opinion on NRI's ability to propose individual solutions and address problems.

The Quality Management Department compiles the survey results and analyzes Company-wide trends to provide the division in charge with feedback on survey responses. Follow-up and measures to improve each situation are taken to help raise service quality.

Do

Flow of NRI's CS survey



Analytical results of fiscal 2010 CS survey

Areas receiving a high assessment
<ul style="list-style-type: none"> • Specialized knowledge and technical skills related to systems • Adherence to schedules and deadlines • Consideration of information security
Areas expected to improve
<ul style="list-style-type: none"> • Intelligibility of manuals • Clarity of rationale for estimates and prices • Cooperation between divisions

NRI holds forums for clients

The NRI Group holds forums addressing management and social issues to assist clients in meeting their business objectives. (See "[Propagation of Intellectual Assets](#)")

Check & Act

[Fiscal 2010 evaluation]

- Carried out client satisfaction surveys and took follow-up measures
- Held forums for clients in Tokyo, Nagoya, etc
- Promoted field-specific activities such as seminars organized by each division

[Major plans for fiscal 2011]

- Continue to carry out client satisfaction survey and assess the fictiveness
- Continue to hold forums for clients

Engagement with Employees (1)

Equitable human resource development to train highly specialized employees

Plan

The NRI Group's basic policy advocates equitable human resource management based on performance and ability as well as the utmost respect for individual personalities and rights.

The NRI Group's human resource management structure has three main components: assessments based on performance, results and ability; discretionary work styles; and the assessment and human resource development system. This system ensures that employees can demonstrate a high level of skills and are treated in a manner that befits professionals.

[Major plans for fiscal 2010]

- Promote diversity management
- Undertake initiatives for programs to foster young systems engineers
- Initiatives for corporate culture of cultivating human resources

Do

Equitable employment and human resource practices

Appropriate assessment of ability, expertise and skills

The NRI Group has made a commitment to employ and compensate employees on the basis of an appropriate evaluation of an individual employee's various abilities, expertise and skills, without discriminating on the basis of gender or age. In addition to recruiting new graduates, NRI hires mid-career candidates and people with disabilities throughout the year. In its briefings on the Company when hiring new personnel, NRI presents factual information based on the concept of a realistic job preview (RJP)*.

* RJP:

Realistic Job Preview. RJP refers to attempts to present both the positive and the negative aspects of job responsibilities, work environment and corporate culture to prospective employees to as comprehensive an extent as possible.

In order to foster a greater understanding of the industry and the company, NRI organized opportunities for work experience through internships and held briefings on the Internet as part of its new graduated hiring program, making it easier for students outside of the Tokyo metropolitan area to participate. In addition, NRI actively hired people with job experience overseas and other candidates with a global mindset to ensure a diverse group of employees.

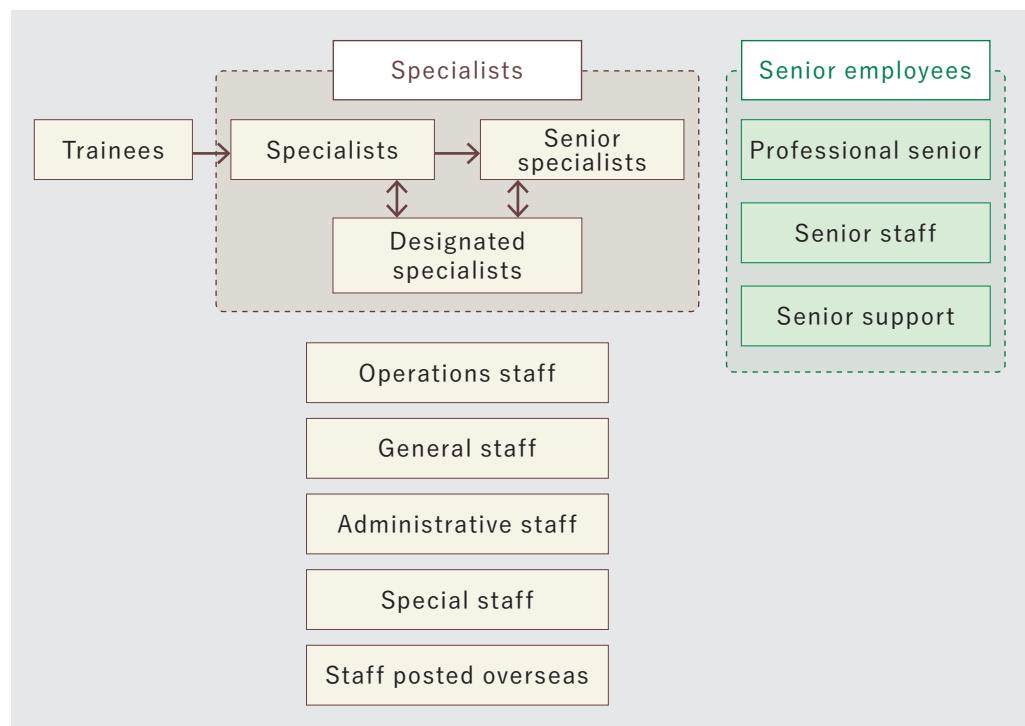
NRI Group workforce	FY2006	FY2007	FY2008	FY2009	FY2010
Total number of employees	5,303	5,711	6,118	6,263	6,594
Total number hired annually	493	598	594	529	540

Do

Employment trends by type

	FY2006	FY2007	FY2008	FY2009	FY2010
Total number of employees	4,407	4,714	5,030	5,314	5,560
Women	655	720	787	854	925
Specialists and trainees	3,842	4,135	4,448	4,714	4,961
Women	355	405	469	529	593
Senior specialists	1,480	1,566	1,658	1,748	1,870
Women	29	35	47	56	69
Employees with disabilities	72	77	79	84	83
Employees with disabilities (% of total)	1.8	1.8	1.7	1.8	1.7
New hires for the year	350	449	474	427	416
Women	72	88	104	97	96
Turnover (% of total)	3.3	2.9	2.4	2.3	2.5
Average employment period (years)	11.1	11.1	11.2	11.4	11.7
Average salary (thousand yen)	10,925	11,734	11,107	11,402	10,506

Job categories



Do

Promoting diversity management

Creating a work environment conducive to disable people

The NRI Group promotes the hiring of people with disabilities. In fiscal 2010, NRI hired an additional four people with disabilities, with the proportion of such employees making up 1.7% of the workforce. NRI remains committed to the employment of people with disabilities, as demonstrated by its participation in job interviews for disabled people sponsored by corporate associations. NRI has also appointed an internal counselor for people with disabilities in each business division to help create an environment that is conducive to supporting their job performance.

Hiring and promoting female employee

The NRI Group actively works to hire female employees to develop their abilities and to promote them to management positions. As of March 31, 2011, female employees accounted for 16.6% of NRI's employees.

NRI also endeavors to create a workplace that is conducive to the performance of its female employees. The Company did not begin to hire new female graduates for trainee positions in substantial numbers until 1990, and now more female employees are joining the ranks of managers. NRI expects to continue to increasing the number of women working as specialists and managers.

Since fiscal 2008, the NRI Women's Network (NWN) activities are underway in the three areas of support for women's career development, support with balancing work and childcare, and cultivating a corporate culture. Activities aimed at building a work environment that will encourage women to feel more fulfilled in their work are underway. In fiscal 2010, meetings at which female workers could exchange opinions were held, along with a forum inviting outside guest speakers. In the working group formed by female specialists, improvements to the work system are being proposed and production of a guidebook giving support with balancing work and childcare is underway.

Dialogue with the Labor Union

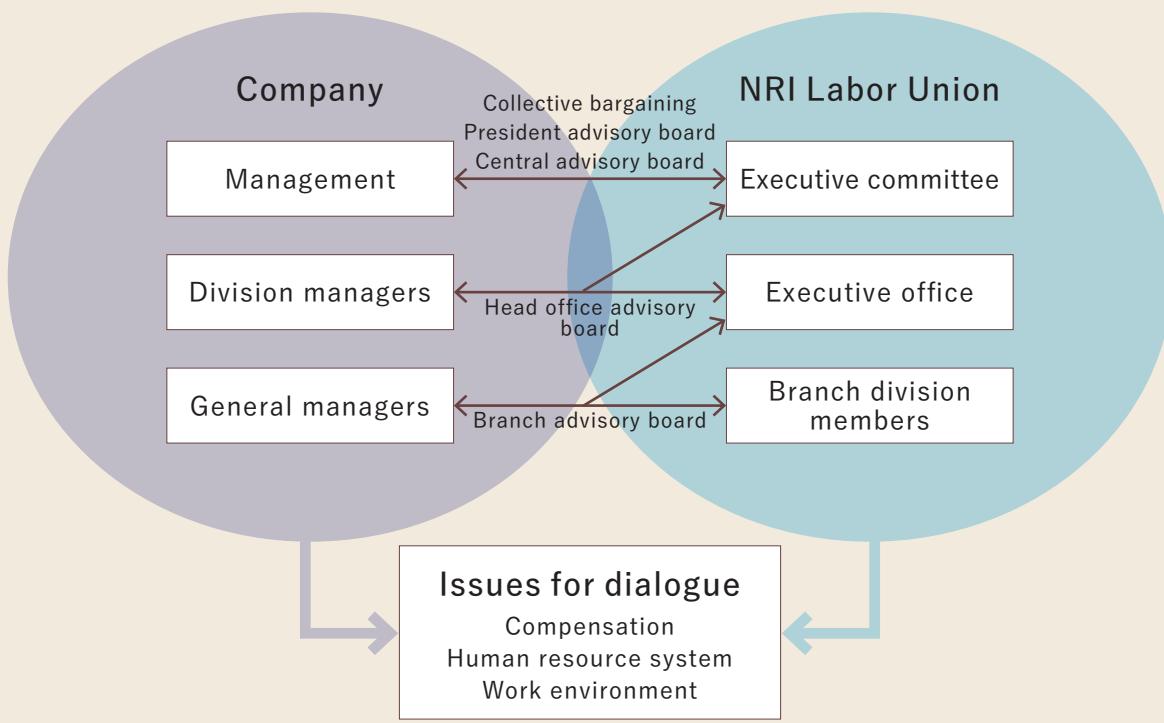
NRI retains a union shop contract with the Nomura Research Institute Labor Union (membership of 3,303 as of March 31, 2011). During collective bargaining and informal meetings, NRI discusses a broad range of issues with the union, including compensation, human resources management and the union focused on the pension system and maternity and childcare support provisions.

In fiscal 2010, action was taken on the theme of "promoting reform to make us the world's top company for providing fulfillment at work," with efforts made to increase work incentives and to achieve a balance between work and private life. Findings from the employee awareness survey conducted annually by the labor union to assess employee awareness of their work situation

realistically, as well as issues that have been presented at the various meetings including those with labor union branches in each business division and at seminars, etc., are reported to NRI top management so that they can apply various measures in the area.

The special event was held again this year at Tokyo Disney Sea as part of the labor union's activities to foster communication among employees and to enrich their lives outside work. Approximately 900 employees and their families participated. Employees were also encouraged to participate in the ekiden race held in Aoba-ku, Yokohama City. Seminars in various formats were held to promote wider recognition and understanding of how to make use of the personnel evaluation scheme, programs that support childbirth and child care, the pension system, etc. These activities by the labor union are aimed at building an environment that brings greater self-fulfillment through work.

NRI and the labor union engage in dialogue and share the common goal of building a company in which employees are able to find self-fulfillment through their respective work activities.



Do

Support for career and skills development

Establishing the Human Resources Development Center

The NRI Group established the new Human Resources Development Center in April 2010 based on sweeping change in the existing organization, with the aim of nurturing professional human resources with advanced specialized skills in a more comprehensive manner. Greater efforts will be directed to building schemes and an environment that will nurture NRI professionals with outstanding expertise, the ability to exercise initiative in working toward self-set goals, and the will to boldly take on challenges without fear of change.

Program supporting career development

The NRI Group takes an active role in training its employees for professional positions. The Group provides its employees with a human resource development program centered on On-the-Job Training (OJT), which improves knowledge and ability through a variety of jobs, combined with training programs and self development.

In fiscal 2010, the platform engineer version of the "Growth Story" introduced in 2009 for young systems engineers was published by the organization. In order to strengthen the development of human resources who can deliver business proposals that are unique to NRI, a proposal capability training internship program was started for young systems engineers.

Proposal Capability Training Internship Program for Young Engineers

NRI has formed a Personnel Development Committee made up of human resources officers in each business division. Discussions by the committee and the findings from an analysis of employee questionnaires revealed that engineers working in the field of IT systems have little opportunity to contact their clients or to propose plans, and this does not encourage the growth of sales or their capabilities to make proposals.

For this reason, in fiscal 2010, a program was introduced to build the customer sales and proposal capabilities of young engineers. Under this program, employees in this field are assigned to consulting and systems consulting business divisions as interns to gain experience in actual business operations. Interns on the program work as consultants, which involves undergoing consultant training and participating in actual projects involving submitting plans and proposals.

In March 2011, an interim report meeting was held by employees who had been on the program for six months. The trainees reported that they were able to gain experience that was different from their past job duties, including producing proposals and reports on what the projects they had been involved in achieved and giving presentations to clients. Trainees also reported "a reaffirmation of the importance of communication," "a broader outlook gained by acquiring a new perspective on things," "the discovery of new personal issues that need to be addressed in the future," and other benefits.



Report meeting in progress



Do

NRI is particularly focused on training its new hires and has developed a program to train employees in the workplace. Accordingly, NRI has introduced an instructor program in which an instructor is assigned to each new employee for one year.

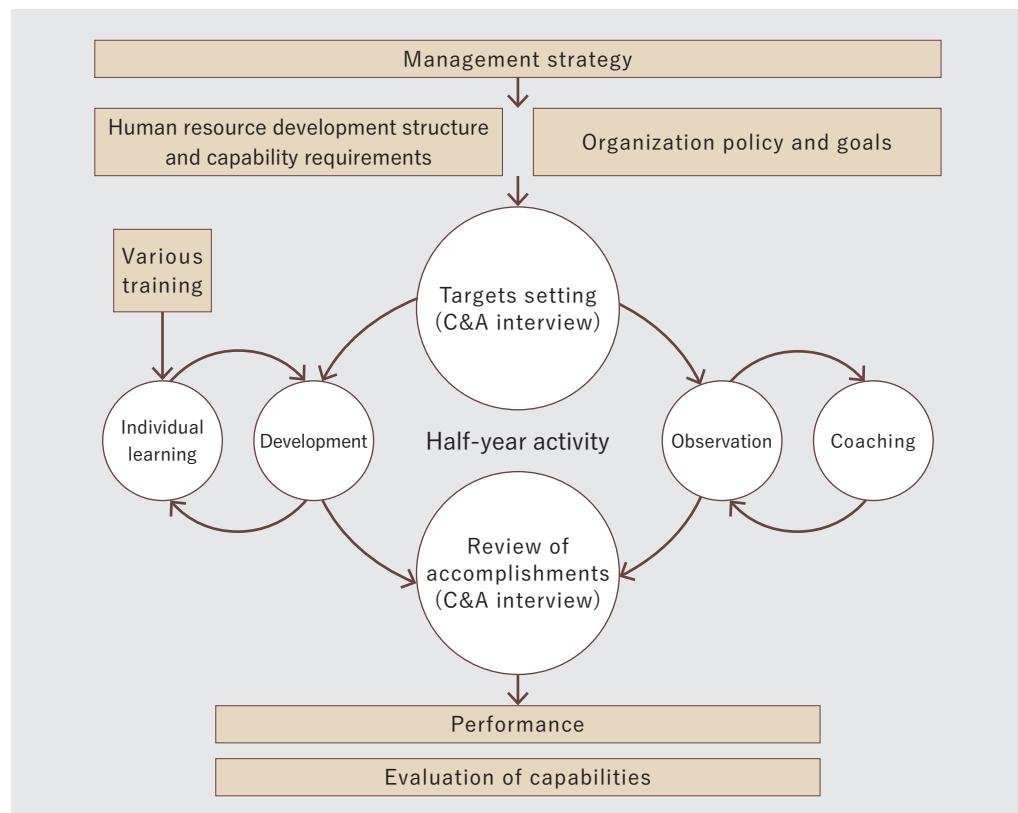
C&A System to support skills development

The NRI Group has established the Challenge & Act (C&A) program to support employees' voluntary and systematic skill development.

In the C&A program, managers meet regularly with specialists and trainees to set individual goals and review and assess achievements. Performance goals are set at the beginning of the fiscal year and again six months later, while skill development goals are set only at the beginning of the fiscal year.

Progress on these goals is regularly reviewed during each six-month period, with supervisors guiding employees in achieving their goals. This system supports the development of employees according to their own aspirations and character.

C&A Program Outline



AHEAD program

NRI supports its career development with its Assist, Human Expertise, Ability and Development (AHEAD) program, an internal diagnostics survey of human resource training by questionnaires to its employees. These results are analyzed, and the supervisor's guidance and training of his/her subordinates is ascertained in each organization. This has proved helpful in raising awareness about employees skill development.

Do

Aspirations program

The NRI Group has established an "aspirations program" enabling all employees to meet directly with the Personnel Department manager every six months to discuss issues related to current work responsibilities, workplace environment and future career path. This program is used to support employees' self-development and ensure that the right employee is assigned to the right position.

Number of NRI Group employees obtaining certification

Type of Certification	Number of Certification Holders
Information Processing Engineer's Certification (advanced)*	2,094
IT coordinators	154
Project Management Professional	157
ITIL Manager	30
Securities analyst certification members	213
US-certified securities analysts (CFA)	3
Certified public accountants	6
Certified public accountants	8
Certified tax accountants	3
Patent attorneys	7
Small-business management consultants	30
Actuaries (full & assistant)	5
First-class registered architects	11
Chief Telecommunications Engineers	102

* Information processing engineers (advanced):

The NRI Group classifies information processing engineers, excluding IT passport, basic IT and applications engineers, as "advanced."

Improving group training

The Human Resources Development Center works together with an employee from each division, who has responsibility for human resource development to plan and conduct various training programs and courses tailored to the needs of each division, and to introduce external training programs.

In fiscal 2010, a training program for general staffers was organized in addition to the existing training programs to reinforce compliance and improve communication skills, thus enhancing their job performance. Group workshops on internal control, information security, reassessment of accounting rules, and improving communication skills to enhance job performance were held.

NRI has started testing new tentative programs for female specialists and their supervisors in pregnancy/childcare and for senior human resource development that will be implemented in fiscal 2011 or later.

The cost of training for the entire NRI Group in fiscal 2010 was ¥1,415 million.

NRI continues to invest in human development, providing a training for

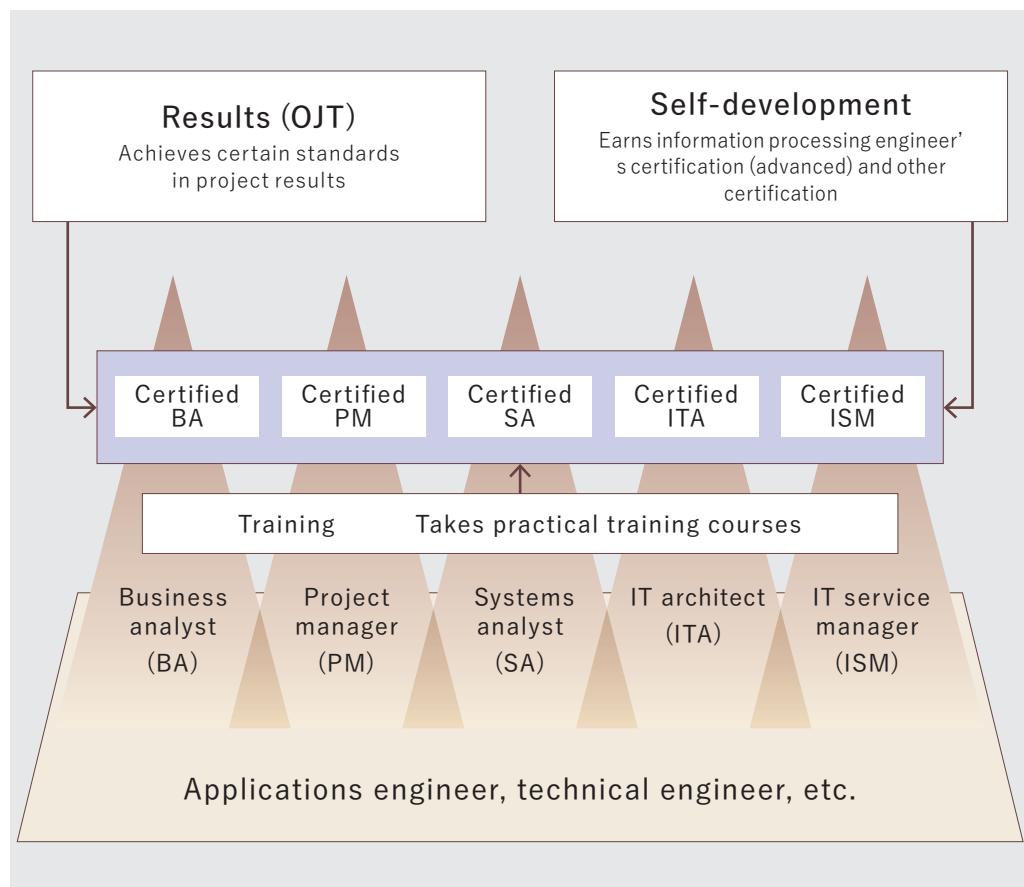
Do

acquiring public certification, overseas study program and language training to be global leaders

NRI certification scheme for professionals

The NRI Group has established the NRI certification scheme to certify professionals with a high level of expertise. This program helps employees working in system analysis to map out their future careers. As of March 31, 2010, 260 employees had been certified through this program.

Overview of the NRI certification scheme



Initiatives for a corporate culture of cultivating human resources

In order to stimulate employee awareness of human resources development, NRI has been hosting the NRI valuable human assets forum since 2009 as a new initiative to build a corporate culture that encourages growth. In fiscal 2010, renamed the NRI Human Resources Forum, it was held three times, with the participation of roughly 440 employees. Participants were able to increase their awareness and recognize the importance of human resources development through lectures by outside experts invited in as guest speakers, from Chairman Fujinuma's message, by sharing human resources development case studies within the organization, as well as by discussions among employees.

Do



Chairman Fujinuma addressing the NRI Human Resources Forum



Participants engage in lively discussions at the NRI Human Resources Forum

Ranked No. 26 by "Great Place to Work"

Since 2007, NRI has been participating in a “benchmark survey on good companies to work for” conducted by the research firm Great Place to Work. The survey evaluates objectively the level of employee self-fulfillment at work in the participating companies from various perspectives, based on questionnaire surveys answered by the companies and their employees.

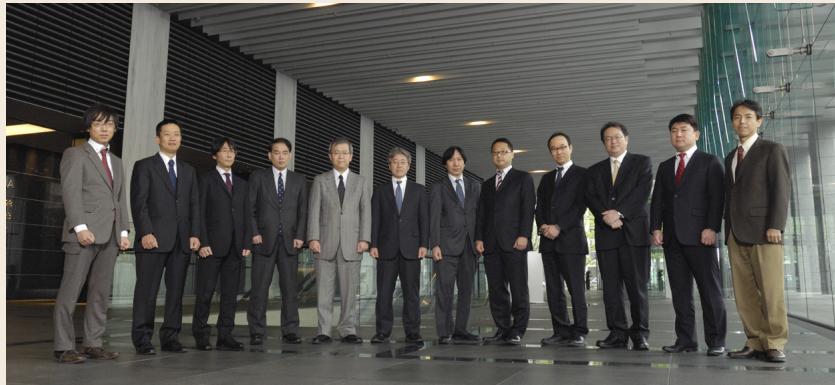
In 2011, NRI ranked in 26th place out of 151 participating companies. It was rated highly for employees who “take pride in doing work that has a social significance and seek self-fulfillment,” and who “feel their job evaluation and compensation are worthy of their efforts and accomplishments.” We came out top in “the company with the largest average training budget.”

Dream up the future Award

NRI initiated the Dream up the future Award in 2004 to encourage NRI Group employees to engage in future-building initiatives consistent with the NRI Group's corporate philosophy, “Dream up the future.” The award is given at the beginning of the fiscal year. In 2010, the seventh year of the award, NRI recognized a total of four teams.

Navigation Award

Team engaged in creating recommendations on Japan's new growth strategies, including social infrastructure innovations



Solutions Award

IP communications business team



BPO* service team for the financial services industry

* BPO:

Business Process Outsourcing. Commissioning part of a company's business operations, from planning to management, to an outside specialized service provider.



Special Award

Team on work style innovations promoting paper-free activities



Check & Act

[Fiscal 2010 evaluation]

- NRI Women's Network (NWN) supported career development of female employees
- Produced a guidebook with advice on how to balance work and childcare; trial training program for working mothers and their supervisors
- Started Client Proposal Capability Training Internship Program for young systems engineers
- Initiatives for corporate culture of cultivating human resources, such as the NRI Human Resources Forum
- Training for general staffers

[Major plans for fiscal 2011]

- Continue to promote gender equality management
- Bolster training programs for young systems engineers

Engagement with Employees (2)

Creating a healthy, comfortable work environment

Plan

The NRI Groups basic policy is to provide its employees with a safe, healthy workplace, and this commitment includes promoting work-life balance.

[Major plans for fiscal 2010]

- Promote use of childcare support programs

Do

System supporting maternity, childcare and care-giving

To comply with the Next Generation Nurturing Support Measures Promotion Law (hereinafter, "Next-Generation Law"), we have achieved the goals defined in the Phase III action plan for general business owners that were set out to support employees in balancing work and childcare and we satisfy the certification standards under the Next-Generation Law. Because of this, NRI has been granted continued use of the "Kurumin" certification logo in May 2010.

From April 2010, efforts are being made to support employees in balancing both work and childcare based on the Phase III Action Program (April 1, 2010 – March 31, 2013).

In June 2010, we complied with the provisions of the revised Child Care and Family Care Leave Law on additional leave for mothers and fathers and leave for fathers, by granting leave when requested by both mother and father until the child becomes 14 months old.

When employees apply for leave under this scheme, they are offered individual counseling the Personnel Department. Other activities are being organized to encourage greater awareness and use of the scheme, with improvements to way that the leave program is presented on our intranet and the way that the scheme is presented in management-level training programs.



Certification logo ("Kurumin")

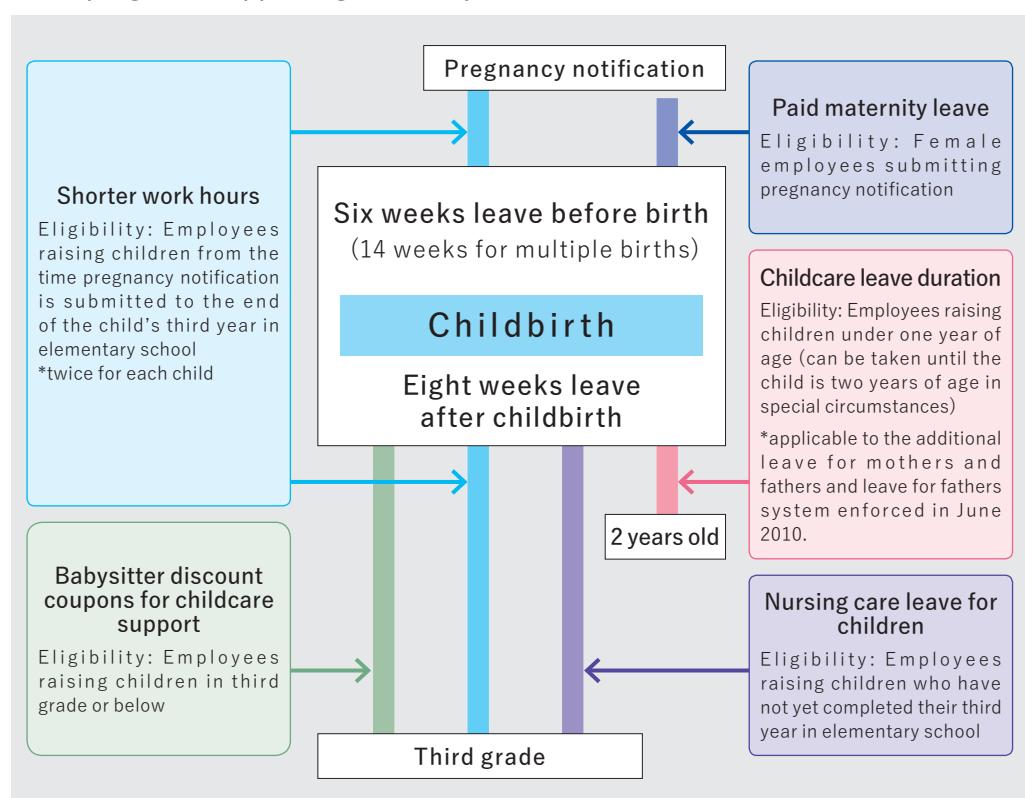
Do

Number of employees who took child and family care leave*

	FY2006	FY2007	FY2008	FY2009	FY2010
Special leave for pregnant employees (paid)	5	6	8	9	9
Maternity leave (paid)	19	36	37	40	30
Childcare leave	24	23	40	45	36
Male	3	0	5	3	7
Family care leave	1	1	0	1	4

* Number of employees who started leave or applied for leave during the year.

NRI's programs supporting maternity entitlements and childcare



Improvements are also being made in the family care leave scheme to build an environment in which more employees are able to take advantage of the scheme.

Preserving employees' mental and physical health

Improving workplace environment and promoting employee health

In order to build a better work environment, we have set up a "Health and Safety Committee" and created a hygiene management system in each business division. Through these organizations, action is being taken to build an appropriate work environment, reflecting the business operations and job functions in each division.

A scheme has also been created to assess accurately the working conditions of our employees and to enable managers to issue appropriate guidance based on that information.

Do

Scheme to appropriately manage work hours

In compliance with labor laws, we have established internal management standards for working hours, late-night overtime and holiday overtime work, in order to ensure fair work management.

Schemes are in place to enable supervisors to grasp the situation regarding working hours. When necessary, we have distributed a list of employees who worked late into the night or on holidays to the managers on the following day to enable accurate assessment of employee working conditions.

Health management support

All employees are requested to take annual health examinations and are asked to undergo two exams a year if they work later than 10 p.m. more frequently than specified in internal standards.

Major offices have health Management Offices so that employees can regularly consult physicians. These doctors conduct medical checkups and review the results of medical examinations of employees as well as offer health counseling to employees. In cases where overtime work exceeds the NRI company standards, an interview with the doctor is compulsory in view of the impact on the mental and physical health of the employee.

In addition to prevent outbreaks of influenza and limit the inconvenience caused, NRI provides influenza vaccination in the office to interested employees since fiscal 2009.

Mental health exam

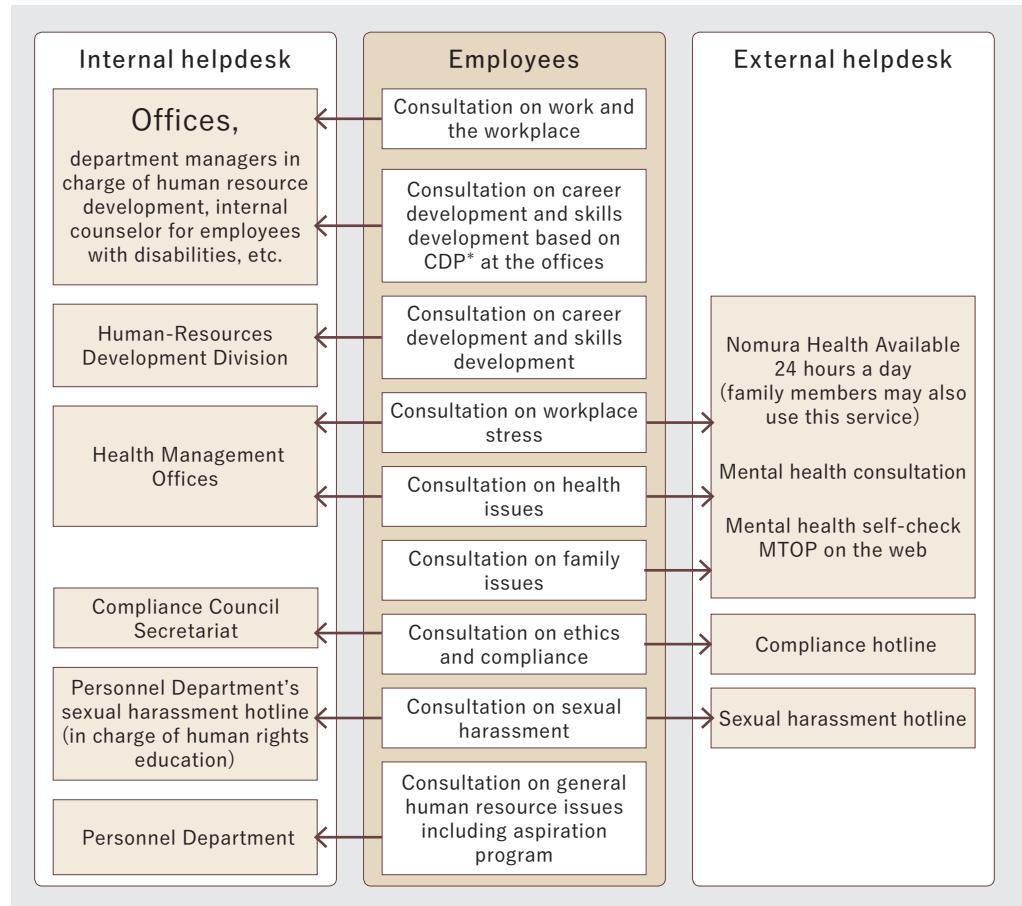
NRI provided all employees with mental health exams every two years to maintain the health of employees and the organization and ensure the happiness of employees and vitality of the organization. The most recent was in November 2010. The employees undergoing the exams as well as their families can consult with psychiatrists and clinical psychotherapist.

Consultation service PraNet for peace of mind

The NRI Group has introduced PraNet (Professional Assist Network), a consultation service covering a wide range of issues including job-related ethical and compliance issues, work environment and health.

Do

PraNet structure



- * Career Development Program: Supports the development of employees according to their own aspirations and character.

Smart Work Style Campaign

NRI launched its Smart Work Style Campaign on a company-wide basis in fiscal 2006 to encourage greater work efficiency and at the same time give people time away from work through a review of their work styles. The campaign is based on the idea that a work environment in health and safety is essential for its sustainable growth.

The campaign established guidelines that include ensuring that employees leave the office no later than 10 pm and that business meetings and discussions are held during working hours (8:40 am to 5:10 pm). It also organizes campaigns to encourage people to take all the leave that is due to them. By 2009, company-wide working conditions had showed a slight improvement, as a consequence of the campaign.

In fiscal 2010, a summer season leave campaign was organized in the first half of the year and a "refresher" leave campaign in the second half, both on a company-wide scale. ("Refresher" leave is a scheme to encourage employees to take paid leave for five continuous days, in addition to their summer holiday.) The percentage of employees taking all of their paid annual leave improved from 62.0% in 2009 to 63.7% currently, showing the effect of this campaign.

	Percentage of employees taking annual paid leave (%)				
	FY2006	FY2007	FY2008	FY2009	FY2010
Annual paid leave usage (% of the maximum number of days that could be taken)	53.4	54.9	55.7	62.0	63.7

Check & Act

[Fiscal 2010 evaluation]

- Enhancement of childcare support program
- Improvements made to the work environment by establishing targets based on management standards

[Major plans for fiscal 2011]

- Continue encouraging employees to use childcare support programs
- Continue improving the work environment

Engagement with Shareholders and Investors

Meeting shareholder and investor expectations by enhancing corporate value

Plan

The NRI Group adheres to a basic policy of pursuing sound, stable growth and achieving profit targets in order to meet the expectations of its shareholders and investors. In accordance with the policy, NRI actively communicates with its shareholders and investors.

[Major plans for fiscal 2010]

- Expand individual and institutional investor bases
- Step up investor relations activities for institutional investors in Japan and overseas
- Improve information disclosure

Do

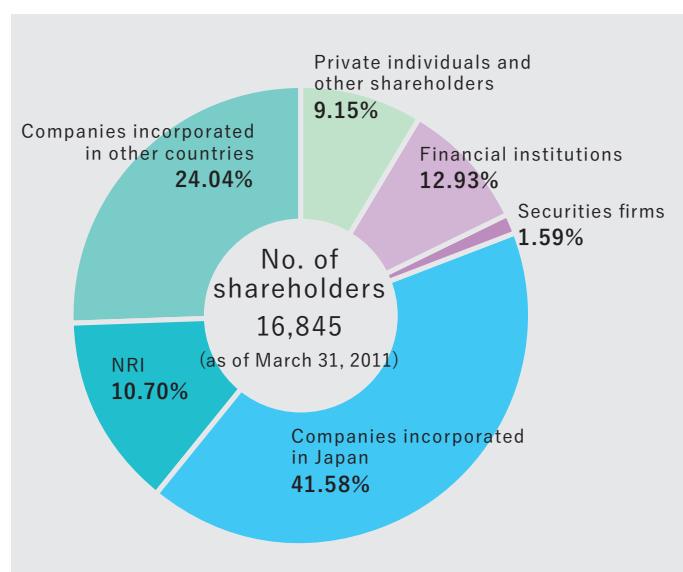
Capital policy for medium- to long-term growth

Consistent and appropriate dividends

NRI's general policy on dividends is to make consistent and appropriate dividend payments, while at the same time building up internal reserves for long-term business development. Accordingly, NRI aims for a consolidated payout ratio of 30% based on its operating revenue and cash flow.

In fiscal 2010, NRI increased its annual dividends to ¥52 per share, the same as in fiscal 2009.

Breakdown of NRI shareholders



Do

Enhancing communication and information disclosure

Enriching general shareholders' meetings

NRI endeavors to make general shareholders' meetings more convenient for participants. Accordingly, meeting notifications are sent by e-mail to those shareholders who have agreed to this method. Shareholders are also able to exercise their voting rights via the Internet. Since 2009, notice of the General Meeting of Shareholders is also given in English. NRI joined the electronic proxy voting platform administered by Investor Communications Japan (ICJ) to give its overseas shareholders and institutional investors additional opportunities to exercise their voting rights. Voting results are published on the day after the General Meeting of Shareholders.

Moreover, to assist shareholders in understanding the business operations of the NRI Group, management debriefings sessions by the appropriate people in charge are held as soon as general shareholders' meetings are concluded. These meetings provide an opportunity for NRI to directly report to shareholders on the current business environment surrounding the NRI Group and on its future actions.

At the fiscal 2010 management debriefings, we received inquiries and suggestions from shareholders that included requests to "provide more details on the business scale and structure in reinforcing and expanding our China and Asia business" and to "submit more proposals regarding restructuring the social infrastructure."

Augmenting direct communication with shareholders and investors

NRI holds briefings and meetings both in and outside of Japan for institutional investors and analysts. In fiscal 2010, NRI convened meetings with 551 institutional investors and analysts.

In fiscal 2010, NRI expanded its briefings for private individuals in Tokyo and Osaka, to familiarize more investors with information about NRI.

In addition, NRI announced its business activities at three forums held in Tokyo for both Japanese and non-resident institutional investors.

With these efforts, we won the 2010 Award for Excellence in Corporate Disclosure in the computer software category from the Securities Analysts Association of Japan (SAAJ).



Presentation for individual investors (in Osaka)

Receiving Seventh Award for Excellence in Corporate Disclosure

The NRI Group committed to basic policy of pursuing sound, stable growth and achieving profit targets to meet the expectations of shareholders and other investors. We thus engage extensively with those stakeholders.

In fiscal 2010, the Securities Analysts Association gave us our seventh Award for Excellence in Corporate Disclosure in the computer software category. The association chose us over 14 other entrants in that category. It considered 255 companies in 16 sectors that are listed on the First Section of the Tokyo Stock Exchange. The awards, aim to encourage better corporate disclosure.

Key factors in choosing us for this prize included the president's extensive and faithful explanations of management strategies and other corporate information during results briefings. The association also lauded management's commitment to investor relations, complete information by our IR division, extensive orientation materials with ample analytical data, our website, annual report, and disclosure to investors.

Receiving Seventh Award for Excellence in Corporate Disclosure
NRI President Shimamoto with SAAJ Chairman Inano



Do

Shareholder survey

NRI biannual shareholder survey provides one opportunity for NRI to receive feedback from its shareholders. In 2010, NRI provided the survey twice and the results are as shown below.

NRI strives to ascertain the wishes and views of its shareholders on dividends and share spirits while at the same time endeavoring to meet their various other expectations.

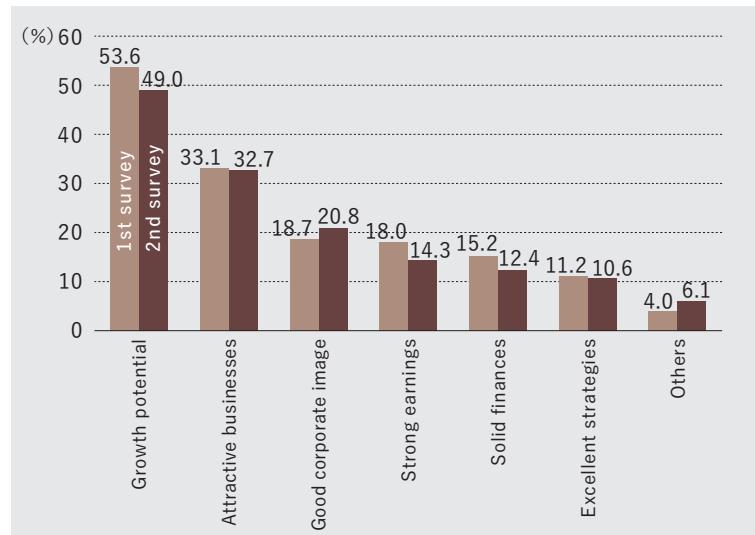
Results of shareholder questionnaire

1st survey: Questionnaires sent to 17,305 shareholders, with 1,551 responding (valid response rate of 8.9%).

2nd survey: Questionnaires sent to 18,110 shareholders, with 2,171 responding (valid response rate of 11.9%).

Do

Reason for purchasing NRI Shares: What did you find appealing about NRI?
 (Multiple choice)



Building trust through appropriate information disclosure

NRI strives to carry out timely information disclosure and to maintain credibility by making itself accountable to shareholders, investors and the market.

In fiscal 2010, information was disclosed under new management headed by the new President, who continued to focus on communication with our shareholders and investors.

NRI has established the Disclosure Committee to improve the credibility of the materials it releases. The Committee reviews the procedures for preparing financial statements, accounts and documents while ensuring that information provided is accurate.

NRI works to augment the information that it discloses. The Company promptly releases financial information, and also posts the Letter from NRI, annual reports and briefing materials in the "Investor Relations" section of the Company's website. NRI began broadcasting briefing videos on its full fiscal year and the second quarter financial statements in fiscal 2007.

NRI Included in the FTSE4Good Global Social Responsibility Investment Index

NRI has been included in FTSE4Good, a global socially responsible investment (SRI) index, for five years in a row, since 2006. FTSE Group is a British provider of stock market information and associated data services. There are several SRI funds in Japan as well, and as of March 2010, NRI was included in the Daiwa SRI fund, the Chuo Mitsui Trust Socially Responsible Investment Fund, and the Risona Japan SRI Fund.

FTSE4Good logo



FTSE4Good

Check & Act

[Fiscal 2010 evaluation]

- Held investor relations briefings for individual and institutional investors and improved communications
- Improved communications with overseas institutional investors through IR meetings, prompt publication of English-language reference materials, expanded participation in forums, etc.

[Major plans for fiscal 2011]

- Expand individual and institutional investor bases
- Improve communication with overseas institutional investors to increase efficiency
- Continue to improve information disclosure
- Actively disclose information on our long-term growth strategy

Engagement with Business Partners

Building partnerships that lead to mutual growth

Plan

The NRI Group believes that its businesses are built on the cooperation of its business partners such as external suppliers and vendors and accordingly upholds a basic policy of building relationships with its business partners that are beneficial for both parties, while conforming to sound business customs and to the law. True to this commitment, the NRI Group has continued to engage in activities with its business partners with the aim of increasing the added value of its services and improving productivity.

*Offshore development:

Delegating software development, system configuration, etc., to overseas business enterprises and subsidiaries.

[Major plans for fiscal 2010]

- Activities for mutual growth with our e-Partners and other business partners
- Step up offshore development*
- Promote information security assurance

Do

Building strong and equitable business connections

Relation between the NRI Group and its business partners

By building friendly business ties with our business partners, the NRI Group strives to argument and reinforce its ability to provide high-quality services by building smooth business relationships with its business partners and developing business models that lead to mutual benefits.

When starting business with a potential partner (external service provider), we evaluate the company in every aspects, including technological capabilities, quality, delivery and cost of goods and services, human resources structure, financial status, actions for compliance and information security, etc. For overseas partners, additional screening is conducted under the regulatory requirements, including the provisions of the Foreign Exchange and Foreign Trade Act.

In particular, it forms accredited e-partnerships with companies that possess specialized operational expertise and impressive IT skills. NRI works closely with these companies on project management to ensure thorough information security management and improve quality management as well as human resource development.

As of March 31, 2010, NRI had accredited seven e-Partners in Japan and two in China.

Preventing any abuse of superior bargaining power over business partners

To ensure fair and sound business relationships with business partners, NRI

Do

forbids employees from abusing their positions of power as contractors, in compliance with Japan's Antimonopoly law. Moreover, every month the NRI Group confirms that the Company is in compliance with the Act against Delay in Payment of Subcontract Proceeds with the project manager.

In addition, NRI notifies business partners in writing that it will never accept gifts or any other improper incentives, and ensures that NRI Group employees are familiar with the policy.

Promoting inspection of subcontracting operations

The NRI Group assesses subcontracting operations every year to ensure that these operations are being conducted appropriately and legitimately.

The business partners with which the NRI Group has formed subcontracting contracts have approximately 10,000 employees. Approximately 60% of this total work at NRI Group facilities that the chain of command loses focus and subcontracted operations veer away from their purpose. To prevent this, the NRI Group has established the Guidelines for Work Undertaken by Subcontractors and uses a checklist to inspect operations every year.

Activities for mutual growth with our business partners

Affiliations to improve quality of system development

Affiliations with business partners are essential in improving NRI's IT Solutions Business. When NRI outsources part of its operations for a project to a partner company in or outside of Japan, the status of the overall process, issues and risks are verified in regular joint meetings with project managers and meetings of those responsible.

For our principal business partners, quality assurance and monitoring executives on both sides hold regular meetings to ensure a high level of quality and to make improvements.

Working together to promote enhancement work for innovation

The NRI Group is engaged in enhancement work for innovation to further improve quality and productivity. (See "[Quality Management](#)") Especially in its relations with its e-Partners, the e-Partner Committee to enhancement work for innovation has been set up to share information and promote interaction between NRI and its e-Partners, as well as among e-Partners.

In fiscal 2010, efforts to enhance business innovation continued in collaboration with our e-Partners and other business partners in each project. In June 2010, two e-Partners received awards for their company-wide drive to enhance business innovation. In January 2011, the NRI Group held an executive roundtable meeting with top executives from the domestic e-Partners for interaction of executives to discuss business partnerships, in addition to project-based affiliations.

In fiscal 2008, NRI set up an e-e-Partners to promote enhancement work for

Do

innovation as a Company-wide program, rather than simply in specific program. As of March 2010, three companies were signed e-e-Partners agreements, promoting closer coordination in enhancement activities.

Conference on Enhancement Work for Innovation Held Independently by a Business Partner

Cube system has supported enhancement work for innovation to further improve quality and productivity since 2006. We started by participating in two model projects. One year later, we saw quality and productivity improve beyond our expectations and increased the number of projects we participate in.

In 2008, we decided to bring change not only on a project basis but for the entire company and started activities independently. The enhancement work for innovation conference is one such effort. NRI has produced results by organizing various conferences aimed at information sharing and growth between all participants. We hope to build some momentum for own activities by holding these conferences.

In a questionnaire circulated to our employees and our business partners after the conference, we discovered that awareness of improvements rose tremendously. When we had just began working in this area, the atmosphere was one in which all action had to be prompted by managers. As quality and productivity rose, it became natural among us to push to enhance business innovation. Employee awareness also changed, with a willingness to make improvements where problems exist. Today, these innovation activities are being implemented as the norm in our workplaces.

Starting in fiscal 2010, we have set up not only short-term goals but also a goal to resolve major issues on in the longer term. For this purpose, in the recent conference held to review our achievements in fiscal 2010, we did not report that all of our goals were resolved. However, we intend to continue promoting these activities continuously to achieve our goals.

Cube System continues to work together with NRI in implementing these activities. There are also differences in the content of the activities between different projects. We hope to bring enhancement to enable mutual growth by setting targets across business divisions and other efforts.



2010 Conference on enhancement work for innovation



Kenkichi Kumagai
General Manager,
IT Solution Services Dept. 2,
Cube System, Inc

Do

Supporting human resource development

The NRI Group cooperates in human resource development of its business partners by offering practical training on project management and system development. In fiscal 2010, NRI reinforced training programs for our Chinese partners, in addition to the existing programs.

Sharing the NRI Group's management policies

The NRI Group holds an annual NRI Group Management Seminar for senior managers of its business partners in order to convey its management policies and priority measures. In fiscal 2010, the seminar drew 240 senior managers from approximately 110 of NRI's business partners in Japan and overseas.

Promoting offshore development

Activities to promote offshore development

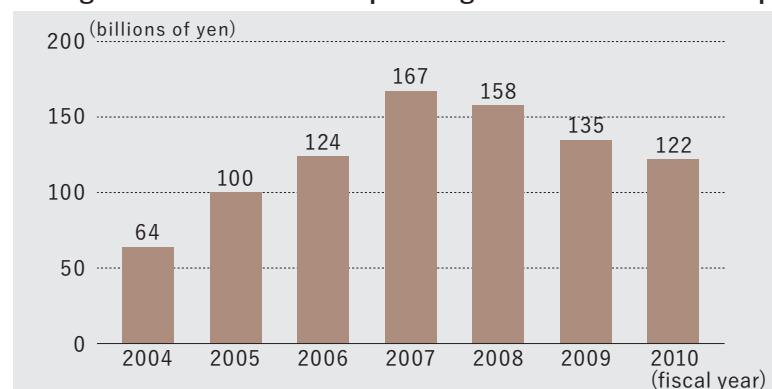
The NRI Group is continually engaged in activities to improve the quality and productivity of offshore development. The scope of the business processes and business operations commissioned to offshore partners has expanded and has reached nearly 30% of our operations.

To build closer coordination with our Chinese partners, we commenced our own business partner training in China and organized a program on quality control in fiscal 2010.

The number of Chinese partners in the IT solutions business stands at 21 companies in nine regions as of March 31, 2011.

In Beijing, Shanghai and other major cities of China where our offshore development projects are located, development costs are expected to rise with skyrocketing consumer prices and labor expenses. In view of these developments, we are conducting studies on diversifying partners for offshore development, in order to cut financial and other risks. Action is underway to explore the offshore development potential of smaller cities in China and in Southeast Asia outside China. Subcontractor operations started for some projects by accepting trainees, especially from IT businesses in Vietnam and the Philippines.

Changes in subcontractor spending on Chinese business partners



Activities to ensure information security

Support for reinforcing information security control at business partners

To ensure that its business partners provide the same level of security, the NRI Group has them sign its confidentiality agreements and memorandum on the handling of personal information. Moreover, NRI requests that they comply with its Information Security Management Policy and regularly checks on the policy's implementation. (See "[Information Security Management](#)")

In fiscal 2010, presentations were held for domestic and foreign partners as in fiscal 2009. In the presentation, the NRI Group requests its partners to ensure that the Plan, Do, Check and Act cycle (PDCA cycle) is implemented to improve security.

In addition, NRI visited its partners in China to explain employees involved in operations the importance of information security. Listening to the presentation referring to actual security incidents, participants reported that it reaffirmed for them the importance of security in a business corporation and they hope that these presentations continue in the future.

Check & Act

[Fiscal 2010 evaluation]

- Continued to collaborate with business partners to improve IT solutions business quality
- Continued working with e-Partners on enhancements to drive innovation
- Closer coordination with e-Partner businesses
- Activities to expand offshore development
- Offshore developments in Southeast Asia
- Support for reinforcing information security management at business partners in China, etc.

[Major plans for fiscal 2011]

- Closer coordination with our e-Partners and other business partners
- Mutual growth with our e-Partners and other business partners
- Mutual growth with our e-Partners and other business partners
- Continue support for information security management at business partners

NRI Group's Code of Business Principles

**NRI Group Employees' Code of Business
Conduct**

NRI Group's Code of Business Principle

The NRI Group will act in accordance with the following principles in order to realize its corporate philosophy.

1 Relationship with Society

- The NRI Group will proactively disseminate information on the results of its business activities and studies and research. We will also utilize the knowledge and expertise that we have built up over our history to support the development of human resources including the young people and senior executive who will take on the challenges of the next generation. At the same time, we will contribute to the development of society by advocating a new order for the future.
- NRI Group will take into consideration environmental issues in its business activities and fulfill its social responsibility in collaboration with local communities.
- The NRI Group will observe both the letter and the spirit of the law and regulations and will respect social equality as well as fair and equitable principles in its business activities. We will never have any kind of relationship with antisocial forces.

2 Relationship with Customers

- The NRI Group will place every emphasis on customers' points of view and strive to build trusting relationships that will nurture the support of customers over the long term.
- The NRI Group prioritizes high quality and high added value and observes its promises to customers to provide highly satisfactory services that contribute to the development of customers.

3 Relationship with Employees

- Training human resources with a high level of expertise, a strong sense of responsibility, and a broad social outlook is the most important management issue for the NRI Group.
- The NRI Group emphasizes and pursues a project system that goes beyond the organization to generate added value through individual expertise, creativity, and knowledge, all of which complement each other.

- The NRI Group provides a safe and healthy working environment in which employees can exercise their skills and where their personal attributes and human rights will be respected.

4 Relationship with Shareholders and Investors

- The NRI Group efficiently utilizes its management resources in its pursuit of sound and stable growth as well as expanded corporate value in an effort to reward its shareholders.
- The NRI Group strives to present corporate information fairly with the goal of being an open company.

5 Relationship with Business Partners

- The NRI Group builds mutually beneficial business relationships with its external contractors and suppliers in accordance with laws, regulations and sound business customs.

NRI Group Employees' Code of Business Conduct

NRI Group employees (hereafter "Employees") should comply with laws, regulations and social mores as well as the standards of behavior outlined below in order to realize the Group's corporate philosophy and the NRI Group's Code of Business Principles.

1 Relationship with Society

1-1) Role as a good corporate citizen

- a. Employees shall engage in studies and research looking ahead to the future and contribute to the development of society as well as the development of human resources, in accordance with the NRI Group's corporate philosophy "Dream up the future."
- b. Employees shall participate in volunteer activities as well as local community activities, and proactively contribute to society.

1-2) Consideration for the environment

- Employees view efforts to address environmental issues as their responsibility as good corporate citizens, and will continue their activities to conserve energy and resources to prevent global warming.

1-3) Legal compliance

- Employees will comply with all laws and regulations related to corporate activities and compete fairly in accordance with business practices.

1-4) Stance toward antisocial forces

- Employees shall not have any relationship whatsoever with antisocial forces, such as violent organizations, nor with any individual or groups engaging in criminal activity. Employees shall report quickly to or consult with supervising departments in the event of any doubts regarding a transaction or illegitimate requests from antisocial or other forces.

- 1-5) Respect for the intellectual property rights of third parties
Employees shall not infringe upon intellectual property rights held by a third party. Employees shall not use software without obtaining the officially sanctioned license.

shall strive to enhance customer satisfaction through ongoing activities to improve quality.

3 Role of NRI Group Employees

3-1) Responsible behavior

Employees must act with an awareness of the expectations placed on them and their responsibilities as members of society and as professionals.

3-2) Rejection of inappropriate business

- a. Transactions must be carried out on equitable terms based on appropriate competition.
- b. Employees must avoid business partners and transactions that are inappropriate.
- c. Employees must avoid business that would be irresponsible in the context of its clients' needs.

3-3) Information security

- a. Employees must be fully aware that information security is the NRI Group's lifeline, and must accurately understand and comply with laws, regulations and Company rules.

- b. In principle, Employees must not acquire personal information and other companies' confidential information. In the event that such information must be obtained for business purposes, this information must be managed appropriately in accordance with the relevant laws, regulations and Company rules, and cannot be disclosed to third parties without prior consent.

- c. The internal information systems and telecommunications equipment used must be that stipulated by the Company. In principle, employees shall strive to use the equipment appropriately in accordance with Company rules, and shall not use it for personal purposes.

3-4) Creating a workplace conducive to job performance

- a. Employees shall respect each other's personal attributes and individuality, and must not infringe on each other's human rights, for example through irrational discrimination, sexual harassment or bullying from the boss.
- b. Employees shall comply with labor-related laws and shall maintain a healthy workplace environment conducive to job performance.

3-5) Compliance with final decisions and accounting rules

- Employees must comply with the Company's accounting rules, and must complete accounting procedures accurately and promptly.

3-6) Appropriate management of Company assets

- Employees must strive to appropriately manage Company assets and intellectual property.

3-7) External announcements

- a. External announcements must conform to Company rules, all applications and submissions must be made, and the stipulated approval must be obtained.

- b. Employees must select the appropriate forum and media for external announcements.

3-8) Marketable securities and other transactions

- a. Employees shall not trade marketable securities and other instruments using insider information.
- b. Employees must apply to the supervising department in advance and obtain authorization when trading marketable securities and other instruments.

4 Relationships with shareholders and investors

4-1) Raising corporate value and the quality of information disclosure

- a. Employees prevent any damage to the NRI Group's corporate value, pursue sound and stable growth and strive to raise shareholder returns.
- b. Employees comply with those business accounting principles, laws and regulations as well as the Company's rules that form the basis for appropriate disclosure of corporate information, among others, and strive to accurately and quickly disclose information warranting disclosure.

4-2) Management of insider information

- The NRI Group and other companies' insider information is not conveyed to people who do not need to know such information for business purposes and is not presented externally until this information is disclosed.

5 Relationship with Business Partners

5-1) Relationship with external contractors and others

- a. The optimum business partner is selected fairly. Moreover, the status of contracted work must be independently ascertained.
- b. Subcontracting Law, the Employment Security Act, the Worker Dispatch Act and other statutory requirements must be understood and compiled with in subcontracting operations.

5-2) Temperate interaction

- a. Employees shall not be involved in business entertainment that deviates from socially accepted standards or that could be mistakenly construed as bribery.
- b. In principle, Employees shall not give or receive any gifts, with the exception of inexpensive items or gifts that are given to a large group.

History Established: May 1, 2003

Revised: August 1, 2004; March 1, 2010

Plans and Achievements

Plans and Achievements

We report on fiscal 2010 results for proactive CSR, research and development, fundamental CSR, and engagement with stakeholders, and present key plans for fiscal 2011.

Progress: ○ Exceeded plan/○ Achieved as planned/△ Targets partially achieved/✗ No progress

Items	Major plans for fiscal 2010	Main projects implemented in fiscal 2010	Progress	Major plans for fiscal 2011
Proactive CSR				
Research and Development	Research and Development	<ul style="list-style-type: none"> Establishment of the Center for Strategic Management and Innovation Greatest strength in planning and action on specific themes and improvements in quality and strategy, including allocation of resources coordinated with results Guidance chiefly for projects to cultivate new markets that come within the scope of Head Office, clearly identifying the objectives and executing body and promotion of coordination to tap into the NRI Group's all-round capabilities 	○	<ul style="list-style-type: none"> Improvements in R&D planning capabilities Improvements in R&D promotion capabilities Cultivation of a climate encouraging project reorganization under ABCI and improvement of the basic skills needed to describe business hypotheses Creating information exchange opportunities for employees aspiring to internal startup ventures. More sophisticated business hypotheses through synergy with human resources development, alongside transfer of operations to the Human Resources Development Center
	Foster a creative organizational climate that is open to challenges for new businesses in ABCI	<ul style="list-style-type: none"> Promoting development of a network of applicants through the ABCI Dream Labs and creating opportunities for employees to exchange ideas Increase in applications from young employees, alongside growth in proposals that require further improvements in the way that business assumptions are described 	△	
Fundamental CSR				
Corporate Governance and Internal Controls	Reinforcement of internal controls in management departments in business divisions	<ul style="list-style-type: none"> Production of checklist of controls for management departments within business divisions Reinforcement of controls and the Internal Controls Promotion Committee 	○	<ul style="list-style-type: none"> Upgrade internal controls at a company-wide level Reinforce control capability in management departments of business divisions Boost action to improve compliance and awareness of internal controls among all employees of the NRI Group
	Check and continue monitoring internal controls	<ul style="list-style-type: none"> Review of company-wide monitoring items related to internal controls 	○	

Items	Major plans for fiscal 2010	Main projects implemented in fiscal 2010	Progress	Major plans for fiscal 2011
Risk Management	Enhance PDCA cycle management of priority areas	• Company-wide risk inspection and review of monitoring items	○	• Company-wide business continuity and review of risks • Promoting energy-saving measures & power failure countermeasures • Review of disaster prevention systems, include restocking emergency supplies • Continual BCP/DR development and management assessment
	Continue to use PDCA cycles in business continuity measures for key operations and services	• Continuous monitoring of BCP/DR development status for key business operations and development	○	
	Strengthen and support business continuity measures for data center operations	• Initial response drill by companywide and organization-wide to prepare for an earthquake and disaster drills. Effort to facilitate coordination between companywide emergency response headquarters and local headquarters at data centers • Regular consultations on measures for maintaining business operation in the data center business	○	
Compliance	Development and promotion of fiscal 2010 Fundamental Rules for Executive Officers and General Staff	• Monitoring the state of compliance with Fundamental Rules for Executive Officers and General Staff. If a problem is found, headquarters coordinate with relevant business divisions to make improvements.	○	• Development and awareness promotion of fiscal 2011 Fundamental Rules for Executive Officers and General Staff • More improvements to the compliance training system • Review and action on specific improvements at NRI headquarters and in Group companies
	Reinforcement of job-specific compliance training that includes management	• Reorganization of the compliance training system • Reinforcement of compliance-related lectures in job-specific training, chiefly for management	○	
	Presentation on the revised Ethical Code of the NRI Group for group company employees	• Revision of the Ethical Code of the NRI Group and the NRI Group's Employees' Code of Business Conduct and presentations on the changes to all group employees, starting in March 2010 (completed by end of May)	○	
Quality Management	Maintenance and continued improvement of the quality management system	• The NRI Standard Framework was expanded in scope to examine system development areas such as infrastructure development and operating design. However, costs increased in new areas.	△	• Maintenance and continuous improvement of the quality management system • Continued implementation of the Third Three-Year Plan to Double Quality • Maintenance and continuous improvement of the IT service management system
	Expand scope to acquire ISO 20000 certification	• The Third Three-Year Plan to Double Quality has started to reduce calls from operating personnel to development personnel.	○	
	Expand scope for securing ISO 20000 certification.	• In August 2010, the scope of ISO 20000 certification was expanded to add information systems serviced by NRI's Osaka Data Center, following the earlier certification of Yokohama Data Center 1 and Yokohama Data Center 2.	○	
Information Security Management	Reinforce management of client data	• Inspection and confirmation of improvements in operation and management of all projects that handle data received from clients	○	• Continue to reinforce management for client data • Continue to strengthen measures to prevent information leaks • Reinforce information security measures at group companies in Japan and overseas offices
	Strengthen measures to prevent information leaks.	• Information security management regulations developed for overseas subsidiaries, upgrading the global security management organization.	○	
	Comprehensive information security in the office environment.	• Security control status at offices in major overseas locations was examined. • Security status survey of domestic group companies was also conducted.	○	

Items	Major plans for fiscal 2010	Main projects implemented in fiscal 2010	Progress	Major plans for fiscal 2011
Intellectual Property Management	Create intellectual property management structure that is commensurate with global business expansion	• In our global business, make primarily survey on intellectual property and acquisition of rights (nine overseas patent applications)	○	• Contribute to business by analyzing IP-related information • Promote intellectual property awareness through industry associations • Manage software licenses more appropriately and efficiently
	Promote intellectual property awareness in the information service industry	• Aggressively promote IP awareness and research by industry associations	○	
	Manage software licenses more appropriately and efficiently	• Confirm fair and efficient software license management in response to software audit by vendors	○	
Environmental Protection	Implement proper responses to Law Concerning the Rational Use of Energy and revisions to local	• Implement proper responses to Law Concerning the Rational Use of Energy and revisions to local and submission of plans for global warming countermeasure to local governments, etc	○	• Improve energy consumption efficiency 1% from fiscal 2010 levels at four data centers • Implement proper responses to Law Concerning the Rational Use of Energy and revisions to local and execution of the global warming countermeasures plan developed in 2010 • Continued NRI Green Style activities
	Speed up the company-wide drive to reduce environmental impact	• Development of the NRI Group's Environmental Policy to pursue protection of the global environment and harmony between mankind and nature • Start of "NRI Green Style" activities to promote efforts to reduce environmental impact	○	
	Improve energy consumption efficiency 1% from fiscal 2009 levels at four data centers.	• 1% improvement in energy consumption efficiency at four data centers (over 2009) was achieved, despite the shortfall at Yokohama Data Center 1 and Osaka Data Center.	○	
	Introduction and management of e-manifests at Yokohama Data Center 1 and Yokohama Data Center 2, and Hiyoshi Data Center	• Introduction and management of e-manifests at Yokohama Data Center 1, Yokohama Data Center 2 and Hiyoshi Data Center	○	
Engagement with Stakeholders				
Engagement with Clients	Carry out client satisfaction surveys	• Carried out client satisfaction improvement measures to reflect CS surveys and survey results	○	• Continue to carry out client satisfaction survey and assess the effectiveness • Continue to hold forums for clients
	Hold forums for clients	• Held Dream up the future Forum and New Year's Forum in Tokyo, Nagoya, and other cities • Promoted field-specific activities such as seminars organized by each division	○	

Items	Major plans for fiscal 2010	Main projects implemented in fiscal 2010	Progress	Major plans for fiscal 2011
Engagement with Employees	Promote diversity management	<ul style="list-style-type: none"> NRI Women's Network (NWN) supported career development of female employees NWN proposal on improving work systems and production of a guidebook with advice on how to balance work and childcare 	○	<ul style="list-style-type: none"> Continue to promote gender equality management Bolster training programs for young systems engineers Continue encouraging employees to use childcare support programs
	Undertake initiatives for programs to foster young systems engineers	<ul style="list-style-type: none"> Started Client Proposal Capability Training Internship Program for young systems engineers The platform engineers' version of the "Growth Story" published for young systems engineers at NRI. 	○	
	Initiatives for corporate culture of cultivating human resources.	<ul style="list-style-type: none"> Measures implemented to build a corporate culture of cultivating human resource, such as sharing top management messages and internal and external case studies on the issue and the NRI Human Resource Forum. 	○	
	Promote use of childcare support programs	<ul style="list-style-type: none"> Developed an environment and system that makes work and childcare easier Complied with the provisions of the revised Child Care and Family Care Leave Law on additional leave for mothers and fathers and leave for fathers 	○	
Engagement with Shareholders and Investors	Expand individual and institutional investor bases	<ul style="list-style-type: none"> Held investor relations briefings for individual and institutional investors and improved communications 	○	<ul style="list-style-type: none"> Expand individual and institutional investor bases Improve communication with overseas institutional investors to increase efficiency Continue to improve information disclosure Actively disclose information on our long-term growth strategy
	Step up investor relations activities for institutional investors in Japan and overseas	<ul style="list-style-type: none"> Improved communications with overseas institutional investors through IR meetings, prompt publication of English-language reference materials, expanded participation in forums, etc. 	○	
	Improve information disclosure	<ul style="list-style-type: none"> Improved direct communication with shareholders and investors in order to expand the investor base 	○	
Engagement with Shareholders and Investors	Activities for mutual growth with our e-Partners and other business partners	<ul style="list-style-type: none"> Continued to collaborate with business partners to improve IT solutions business quality Closer coordination with e-Partner businesses and continued working with e-Partners on enhancements to drive innovation 	○	<ul style="list-style-type: none"> Closer coordination with our e-Partners and other business partners for mutual growth Continue activities to expand offshore development Continue support for information security management at business partners
	Step up offshore development	<ul style="list-style-type: none"> Activities to expand offshore development Offshore developments in Southeast Asia 	○	
	Promote information security assurance	<ul style="list-style-type: none"> Support for reinforcing information security management at business partners in China, etc. 	○	

Third-Party Opinions

Junichi Mizuo, Ph.D.

Professor, Graduate School of Surugadai University
 Senior Researcher at the Institute for Business Ethics
 Visiting Lecturer at the Graduate School of Science and Engineering, Tokyo Institute of Technology



I would like to give my third-party opinion from my own experience in business and my academic background in the field of CSR.

Praise:

The report presents a clear image of the company as a business that "Dreams up the future," creating value together with society and prospering with its clients.

The Great East Japan Earthquake caused huge damage on an unprecedented scale. The activities of the Nomura Research Institute (NRI) that started the Earthquake Disaster Reconstruction Project in the week following the earthquake reflected the company's philosophy of "Dream up the future" for Japanese society. The report presents an aspect of NRI's unique activities, mobilizing its Navigation and Solution functions in providing relief for disaster victims and communities and in measures to address the nuclear plant accident.

At the same time, its Vision 2015 long-term management plan aimed at "Reinventing ourselves, Reinventing the future" demonstrates NRI's solid commitment to its business strategies and its stance to contribute to sustainable growth for both society and the company.

This CSR Report 2011 is separated into a printed version of CSR Book 2011 and a web version published on the Internet. The content of the two versions are organized to take advantage of the distinctive features of each media. The booklet version is made simple and easy to read, focusing chiefly on the areas where NRI stakeholders both in NRI and outside the organization are most interested, represented by earthquake disaster relief.

The Web version places emphasis on comprehensiveness

and materialities, further clarifying and defining its commitments (information communication) to realize its corporate vision. Most noted is the fact that NRI is putting into practice the PDCA cycle in every aspect of its business, utilizing the findings in its materialities analysis to implement strategic CSR that this author pointed out in the previous year. And this effort is leading to improvements in the quality of business management at NRI.

By organizing the content to suit both the printed and digital formats, the report achieves a very high level of transparency while fulfilling the obligation of business disclosure to satisfy its stakeholders and its activities aimed at developing a sustainable society and at the same time developing the company.

Suggestion:

Make further advancements in global CSR to create mutual benefit for both the company and society

Underlying the philosophy of CSR is "continuity and change." Although there is no change in the fundamental nature of this concept, there is a shift in both weight and balance over time with changes in values in society. One example of this change is the inception of ISO 26000 (Social Responsibility) in the autumn of 2010. This standard has been configured from a global perspective and involves multiple stakeholders from around the world. Work is currently underway in Japan to develop a JIS standard that will match the international standard by the end of 2011.

It is expected that the reports to come in the next fiscal year and thereafter will see ISO 26000 being applied alongside the existing GRI guidelines. Specifically, a review of the code of conduct within the organization, discovery of issues and inclusion of their solutions in internal training and improvement activities are some examples.

The basic direction of NRI's CSR activities consists of proactive and fundamental CSR and NRI's unique approach. I believe that the prerequisite for this is balance between sustainability and profit for both the society and the company. As one of its business strategies for growth, reinforcement and expansion of the China and Asia business has been mentioned. However, the arrival of the age of global CSR for the development of business strategies including Asia, Africa and Latin America is imminent. Working to resolve social issues through its core businesses by taking advantage of its core competences in IT support and infrastructure development will lead to the creation of a win-win relationship between business and society.

I sincerely look forward to seeing the CSR activities of the company aspiring to achieve both sustainability and profit, leading to creating shared value for both.

One Akiyama

President
Integrex, Inc.



Praise:

Solid advances under a clear CSR policy

This year's report shows a clear distinction between the printed version and the Web version. The printed version focuses on messages of particular importance, presented in an easy to read form. The Web version covers a wide range of the company's business activities, reporting activities in each segment in detail, and delivering an informative report as a whole.

The Message from the President conveys a strong commitment to realizing the company's long-term management plan, Vision 2015, aimed at the NRI Group's philosophy of "Dream up the future." NRI's original support activities implemented with speed and from a long-term perspective after the Great East Japan Earthquake were also impressive.

In its business activities, the company has engaged in concrete activities in proactive CSR, fundamental CSR and NRI's unique contributions to society by defining five key themes founded on the issues that have been identified as a result of CSR materialities research under a clear CSR policy and applying global trends, the company's own directions and the opinions of stakeholders.

Progress has once again been made clear by compiling a Plans and Achievements chart and at the same time clearly showing PDCA implementation in the report on each activity. The company's stance to assess, verify and improve each activity on a continual basis can be seen in this report.

In concrete activities, the report clearly shows NRI's proactive activities in various areas in the face of the IT trend from "ownership" to "usage," the contingency plan drill described in risk management (fundamental CSR) that proved to be effective in the earthquake disaster and many other

activities organized diligently.

In environmental protection, the report shows a dramatic improvement over the previous year. Social contributions to global environmental issues through business activities have been placed at the top of the Group's environmental policy. NRI Green Style activities have started, and expectations are high for further activities in the two aspects of "Green by NRI" and "Green of NRI."

Regarding to the relationship with stakeholders, this report indicates detail information on relationship with employees from the aspects of human resources development and improvements to the working conditions. NRI shows its determination to place emphasis on human resources development in this way and also by directing its energies into human resources training support at its business partners.

Suggestion:

Striving a "the circle of unity"

Today, Japanese businesses and society are in crisis, and corporate strategy faces a historic turning point.

Based on the perspective of "ichien-yugo" which refers to the fact that all things are interrelated and the results are realized only when they all come together in one conceived by Ninomiya Sontoku. We believe there is a need for integration not only in the form of conventional business restructuring and consolidation, but also of industries in different fields and business integration. This is based on our strategy aimed at becoming number one, global integration founded on further delegation of authority to overseas operations and reinforcement of headquarters' check function and further into integration of corporate principles centered on total optimization and sustainability founded on basic business principles rather than as a pursuit of short-term results and optimization at the division level.

In order to break through the current critical conditions, I believe that NRI and its Navigation × Solution capabilities should play an important role.

I look forward to NRI taking on daring challenges that will dream up a future in which people, businesses and society come together as "ichien-yugo (one)."

Response to third-party opinions in CSR Report 2010

In last year's third-party opinion, Dr. Mizuo pointed out that, "it is important to occasionally return to the starting point and reassess CSR activities and reports in terms of stakeholders' perspectives." So, we interviewed executives and employees to assess NRI Group CSR management items from the perspectives of sustainable social development and improving Group corporate value.

We presented the results of those evaluations in the 2010 report, and we will reflect those findings in future activities. This report noted that we revised our childcare support programs in light of recommendations from a working group in the NRI Women's Network. The report also described efforts to improve quality and productivity in response to proposals and issues from subcommittees of the e-Partner Committee.

Ms. Akiyama wrote that she would like us to include more descriptions of Proactive CSR and pursue sustainability and social optimality.

In the 2010 report, we presented a special feature on our related concepts and progress, titled Commemorating 10 Years of "Dream up the future."—Our Corporate Philosophy. We presented a chronology of the NRI Group's business activities in relation to social, economic, and industrial trends. We additionally explained how we are contributing to society and people for today and tomorrow through business activities that seek to materialize Vision 2015. So, we endeavored to convey our progress in pursuing social optimality and efficiency through core businesses while contributing to social sustainability and progress.

GRI Content Index

GRI Content Index

The table below lists the indicators from the Global Reporting Initiatives (GRI) Sustainability Guidelines Version 3.0, and the page numbers in this report relevant to each one. NRI believes that the GRI application level, which indicates the degree of compliance with these reporting guidelines, is "C."

G3 Disclosure	Description	Reference page
1. Strategy and Analysis		
1.1	Statement from the most senior decision- maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Message from the President Annual Report2011 (p. 01, p.12-17)
1.2	Description of key impacts, risks, and opportunities.	Message from the President The NRI Group's CSR Policy Key CSR Priorities Risk Management Plans and Achievements Plans and Achievements(Fiscal 2010 ending March 31, 2011) (p. 14-17) Annual Report 2011 (p. 01, p. 12-31, p. 47-51)
2. Organizational Profile		
2.1	Name of the organization.	Corporate Profile
2.2	Primary brands, products, and/or services.	Proactive CSR Propagation of Intellectual Assets CSR Activities File The NRI Group's Businesses Business and Services Annual Report 2011 (p. 06-11, p. 18-25)
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Organization Chart NRI Group Financial Report(Fiscal 2010 ending March 31, 2011) (p.04-07)
2.4	Location of organization's headquarters.	Corporate Profile
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Corporate Profile Global Business Financial Report(Fiscal 2010 ending March 31, 2011) (p.04-07) Annual Report 2011 (p. 122)
2.6	Nature of ownership and legal form.	Corporate Profile
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	The NRI Group's Businesses Business and Services Global Business Financial Report(Fiscal 2010 ending March 31, 2011) (p.04-10) Annual Report 2011(p. 04-11, p. 18-25)
2.8	Scale of the reporting organization, including: •Number of employees; •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); and •Quantity of products or services provided.	Engagement with Employees (1) (Evaluates competence, specialization and skills) Corporate Profile Financial Report (Fiscal 2010 ending March 31, 2011) (p. 01-02, p. 64-68) Annual Report 2011 (p. 02-07, p. 11, p. 38-39, p. 56-60)
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: •The location of, or changes in operations, including facility openings, closings, and expansions; and •Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).	Engagement with Employees (1) (Evaluates competence, specialization and skills) NRI History Financial Report (Fiscal 2010 ending March 31, 2011) (p.03-05)
2.10	Awards received in the reporting period.	In fiscal 2010, the Securities Analysts Association of Japan gave us the Award for Excellence in Corporate Disclosure in the computer software category. The association chose us over 15 other entrants in that category. It considered 255 companies in 16 sectors that are listed on the First Section of the Tokyo Stock Exchange.

G3 Disclosure	Description	Reference page
3. Report Parameters		
Report Profile		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Editorial Policy
3.2	Date of most recent previous report (if any).	Editorial Policy
3.3	Reporting cycle (annual, biennial, etc.)	Editorial Policy
3.4	Contact point for questions regarding the report or its contents.	Inquiry
Report Scope and Boundary		
3.5	Process for defining report content, including: •Determining materiality; •Prioritizing topics within the report; and •Identifying stakeholders the organization expects to use the report.	The NRI Group's CSR Policy Key CSR Priorities Engagement with Stakeholders Editorial Policy
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Editorial Policy
3.7	State any specific limitations on the scope or boundary of the report. ⁸	The NRI Group's CSR Policy Engagement with Stakeholders Editorial Policy
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Not applicable
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Not applicable
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Not applicable
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Not applicable
GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report.	This Table
Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	Third-Party Opinions Editorial Policy
G3 Disclosure	Description	Reference page
4. Governance, Commitments, and Engagement		
Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Corporate Governance/Internal Controls Basic Policy on Building Internal Control Systems Financial Report(Fiscal 2010 ending March 31, 2011) (p.57-61) Annual Report 2011(p. 23-31)
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Corporate Governance/Internal Controls
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Corporate Governance/Internal Controls Financial Report(Fiscal 2010 ending March 31, 2011) (p.57-61) Annual Report 2011(p. 28-31)
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Corporate Governance/Internal Controls Engagement with Employees(1) (Dialogue with the labor union) Engagement with Shareholders and Investors (Greater credibility through fair information disclosure) Financial Report(Fiscal 2010 ending March 31, 2011) (p.57-61) Annual Report 2011(p. 28-31)

G3 Disclosure	Description	Reference page
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Financial Report(Fiscal 2010 ending March 31, 2011) (p.59-60) Annual Report 2011(p. 29-30)
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	- (Nondisclosure)
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	- (Nondisclosure)
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	The NRI Group's CSR Policy Key CSR Priorities NRI Vision 2015—Our Long-Term Management Plan Compliance NRI Group's Code of Business Principle NRI Group Employees' Code of Business Conduct Environmental Protection (Environmental policy on Systems Management Services) Corporate Philosophy Declaration of Information Security Measures NRI's Personal Data Protection Statement* NRI Group's Privacy Policy The NRI Group's Environmental Policy
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Corporate Governance/Internal Controls Risk Management Compliance Quality Management Information Security Management Intellectual Property Management Environmental Protection Engagement with Clients Basic Policy on Building Internal Control Systems Financial Report(Fiscal 2010 ending March 31, 2011) (p.53-54) Annual Report 2011(p. 34-35)
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Corporate Governance/Internal Controls Risk Management/Crisis Management
Commitments to External Initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Corporate Governance/Internal Controls Risk Management Compliance Quality Management Information Security Management Environmental Protection Engagement with Clients Engagement with Employees (1) Engagement with Employees (2) Engagement with Business Partners Declaration of Information Security Measures* NRI's Personal Data Protection Statement* NRI Group's Privacy Policy
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Compliance
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none">•Has positions in governance bodies•Participates in projects or committees;•Provides substantive funding beyond routine membership dues; or•Views membership as strategic.	Intellectual Property Management (Intellectual property awareness in the information services industry) Development of Society
Stakeholder Engagement		
4.14	List of stakeholder groups engaged by the organization.	The NRI Group's CSR Policy(Engagement with Stakeholders)
4.15	Basis for identification and selection of stakeholders with whom to engage.	The NRI Group's CSR Policy(Engagement with Stakeholders) Engagement with Stakeholders Engagement with Business Partners(Building fair and friendly business ties)

G3 Disclosure	Description	Reference page	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	The NRI Group's CSR Policy(Engagement with Stakeholders) Corporate Governance/Internal Controls Compliance (Organization to promote compliance and report misconduct) Quality Management(Promoting enhancements that drive innovation, Proposing improvements in systems management quality, Quality management in consulting) Engagement with Clients(Survey client satisfaction) Engagement with Employees (1) (Recruiting and appointing female employees, Dialogue with the labor union) Engagement with Employees (2) Engagement with Shareholders and Investors(Better communication and information disclosure) Engagement with Business Partners	
4.17	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.	Compliance (Organization to promote compliance and report misconduct) Quality Management(Promoting enhancements that drive innovation, Proposing improvements in systems management quality) Engagement with Employees (1)(Better communication and information disclosure) Engagement with Employees (2) Engagement with Shareholders and Investors(Better communication and information disclosure) Engagement with Business Partners (Voice of person in charge)	
G3 Disclosure	Description	Reference page	
5. Management Approach and Performance Indicators			
Economic			
	Disclosure on Management Approach	NRI Vision 2015—Our Long-Term Management Plan Risk Management Development of Human Resources Development of Society Other Contributions Engagement with Employees (1)(Equitable employment and human resource practices) Engagement with Shareholders and Investors(Capital policy for medium- and long-term growth) Engagement with Business Partners(Step up offshore development) Business and Service Introduction Financial Report(Fiscal 2010 ending March 31, 2011)(all) Annual Report 2011(all)	
Aspect: Economic Performance			
EC1	Core	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Development of Human Resources Other Contributions Engagement with Employees (1)(Equitable employment and human resource practices) Engagement with Employees (2) Engagement with Shareholders and Investors(Capital policy for medium- and long-term growth) Engagement with Business Partners(Step up offshore development) Financial Report(Fiscal 2010 ending March 31, 2011) (p. 01-02, p. 08-12, p. 51, p. 59-60, p. 63-130) Annual Report 2011 (p. 02-07, p. 11, p. 29-30, p. 38-39, p. 55-120)
EC2	Core	Financial implications and other risks and opportunities for the organization's activities due to climate change.	- (Nondisclosure)
EC3	Core	Coverage of the organization's defined benefit plan obligations.	Financial Report (Fiscal 2010 ending March 31, 2011) (p. 17, p. 19, p. 73, p. 87-88) Annual Report 2011 (p. 51-52, p. 65, p. 79-80)
EC4	Core	Significant financial assistance received from government.	- (Nondisclosure)
Aspect: Market Presence			
EC5	Add	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	- (Nondisclosure)
EC6	Core	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Engagement with Business Partners
EC7	Core	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	- (Nondisclosure)

G3 Disclosure	Description	Reference page
Aspect: Indirect Economic Impacts		
EC8	Core Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Propagation of Intellectual Assets Development of Human Resources Development of Society Other Contributions Business and Service(Management Consulting) NRI Social Information System Services, Ltd.
EC9	Add Understanding and describing significant indirect economic impacts, including the extent of impacts.	- (Nondisclosure)
Environmental		
	Disclosure on Management Approach	Environmental Protection NRI Group's Code of Business Principle NRI Group Employees' Code of Business Conduct The NRI Group's Environmental Policy
Aspect: Materials		
EN1	Core Materials used by weight or volume.	- (Nondisclosure)
EN2	Core Percentage of materials used that are recycled input materials.	- (Nondisclosure)
Aspect: Energy		
EN3	Core Direct energy consumption by primary energy source.	- (Nondisclosure)
EN4	Core Indirect energy consumption by primary source.	- (Nondisclosure)
EN5	Add Energy saved due to conservation and efficiency improvements.	- (Nondisclosure)
EN6	Add Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Environmental Protection
EN7	Add Initiatives to reduce indirect energy consumption and reductions achieved.	Environmental Protection
Aspect: Water		
EN8	Core Total water withdrawal by source.	- (Nondisclosure)
EN9	Add Water sources significantly affected by withdrawal of water.	Not applicable
EN10	Add Percentage and total volume of water recycled and reused.	- (Nondisclosure)
Aspect: Biodiversity		
EN11	Core Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not applicable
EN12	Core Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not applicable
EN13	Add Habitats protected or restored.	Not applicable
EN14	Add Strategies, current actions, and future plans for managing impacts on biodiversity.	- (Nondisclosure)
EN15	Add Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not applicable
Aspect: Emissions, Effluents, And Waste		
EN16	Core Total direct and indirect greenhouse gas emissions by weight.	Environmental Protection (CO ₂ emission data for offices)
EN17	Core Other relevant indirect greenhouse gas emissions by weight.	- (Nondisclosure)
EN18	Add Initiatives to reduce greenhouse gas emissions and reductions achieved.	Environmental Protection
EN19	Core Emissions of ozone-depleting substances by weight.	- (Nondisclosure)
EN20	Core NO, SO, and other significant air emissions by type and weight.	- (Nondisclosure)
EN21	Core Total water discharge by quality and destination.	- (Nondisclosure)
EN22	Core Total weight of waste by type and disposal method.	- (Nondisclosure)
EN23	Core Total number and volume of significant spills.	Not applicable
EN24	Add Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	- (Nondisclosure)

G3 Disclosure	Description	Reference page
EN25 Add	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not applicable
Aspect: Products And Services		
EN26 Core	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Environmental Protection
EN27 Core	Percentage of products sold and their packaging materials that are reclaimed by category.	- (Nondisclosure)
ASPECT: Compliance		
EN28 Core	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Not applicable
ASPECT: Transport		
EN29 Add	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	- (Nondisclosure)
Aspect: Overall		
EN30 Add	Total environmental protection expenditures and investments by type.	- (Nondisclosure)
Labor Practices and Decent Work		
	Disclosure on Management Approach	Engagement with Employees (1) Engagement with Employees (2) NRI Group's Code of Business Principle NRI Group Employees' Code of Business Conduct
Aspect: Employment		
LA1 Core	Total workforce by employment type, employment contract, and region, broken down by gender.	Engagement with Employees (1)(Equitable employment and human resource practices)
LA2 Core	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Engagement with Employees (1)(Equitable employment and human resource practices)
LA3 Add	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Engagement with Employees (2)
Aspect: Labor/Management Relations		
LA4 Core	Percentage of employees covered by collective bargaining agreements.	Engagement with Employees (1)(Dialogue with the labor union) Financial Report(Fiscal 2010 ending March 31, 2011) (p. 8)
LA5 Core	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	- (Nondisclosure)
Aspect: Occupational Health and Safety		
LA6 Add	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Engagement with Employees (2) (Concern for mental and physical health)
LA7 Core	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	- (Nondisclosure)
LA8 Core	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Risk Management (Measures for large-scale disasters, accidents and incidents, as well as epidemics) Engagement with Employees (2)
LA9 Add	Health and safety topics covered in formal agreements with trade unions.	Engagement with Employees (1)(Dialogue with the labor union) Engagement with Employees (2)
Aspect: Training And Education		
LA10 Core	Average hours of training per year per employee by gender, and by employee category.	- (Nondisclosure)
LA11 Add	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Engagement with Employees (1)(Support for career and skills development)
LA12 Add	Percentage of employees receiving regular performance and career development reviews, by gender.	Engagement with Employees (1)(Support for career and skills development)
Aspect: Diversity And Equal Opportunity		
LA13 Core	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Engagement with Employees (1)
LA14 Core	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Engagement with Employees (1)(Equitable employment and human resource practices)

G3 Disclosure	Description	Reference page
Human Rights		
	Disclosure on Management Approach	Compliance(Reinforcement of compliance training) Engagement with Employees (1)(Equitable employment and human resource practices) Engagement with Employees (2)(Concern for mental and physical health) NRI Group's Code of Business Principle NRI Group Employees' Code of Business Conduct
Aspect: Investment and Procurement Practices		
HR1	Core	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.
HR2	Core	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.
HR3	Add	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.
Aspect: Non-Discrimination		
HR4	Core	Total number of incidents of discrimination and corrective actions taken.
Aspect: Freedom Of Association And Collective Bargaining		
HR5	Core	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.
Aspect: Child Labor		
HR6	Core	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.
Aspect: Forced And Compulsory Labor		
HR7	Core	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.
Aspect: Security Practices		
HR8	Add	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.
Aspect: Indigenous Rights		
HR9	Add	Total number of incidents of violations involving rights of indigenous people and actions taken.
Society		
	Disclosure on Management Approach	The NRI Group's CSR Policy Risk Management Compliance Information Security Management Intellectual Property Management Development of Society Engagement with Clients(All-round deliberation of client assignments) Engagement with Business Partners (Building fair and friendly business ties) NRI Group's Code of Business Principle NRI Group Employees' Code of Business Conduct Basic Policy on Building Internal Control Systems Declaration of Information Security Measures Business and Service (Management Consulting)
Aspect: Local community		
SO1	Core	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting
Aspect: Corruption		
SO2	Core	Percentage and total number of business units analyzed for risks related to corruption.
		Risk Management Compliance Information Security Management Engagement with Business Partners(Building fair and friendly business ties)

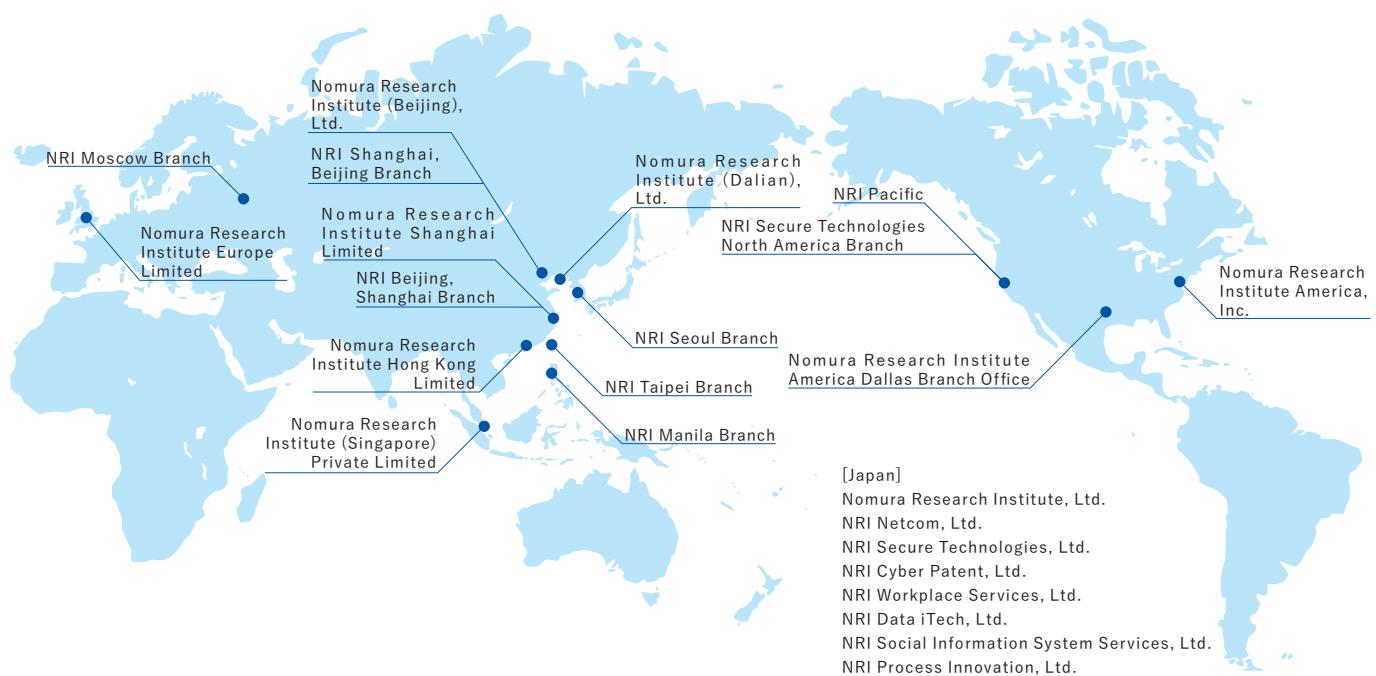
G3 Disclosure		Description	Reference page
SO3	Core	Percentage of employees trained in organization's anti-corruption policies and procedures.	Compliance Information Security Management Intellectual Property Management
SO4	Core	Actions taken in response to incidents of corruption.	Compliance
Aspect: Public Policy			
SO5	Core	Public policy positions and participation in public policy development and lobbying.	Development of Society Business and Service(Management Consulting)
SO6	Add	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Not applicable
Aspect: Anti Competitive Behavior			
SO7	Add	Total number of legal actions for anti- competitive behavior, anti-trust, and monopoly practices and their outcomes.	- (Nondisclosure)
Aspect: Compliance			
SO8	Core	Monetary value of significant fines and total number of non-monetary sanctions for non- compliance with laws and regulations.	- (Nondisclosure)
Product Responsibility			
		Disclosure on Management Approach	Risk Management Quality Management Information Security Management Engagement with Clients Engagement with Business Partners Declaration of Information Security Measures NRI's Personal Data Protection Statement NRI Group's Privacy Policy NRI Group's Code of Business Principle NRI Group Employees' Code of Business Conduct
Aspect: Customer Health and Safety			
PR1	Core	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Risk Management Quality Management Information Security Management Engagement with Clients(Survey client satisfaction)
PR2	Add	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	- (Nondisclosure)
Aspect: Product and Service Labeling			
PR3	Core	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	- (Nondisclosure)
PR4	Add	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	- (Nondisclosure)
PR5	Add	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Engagement with Clients (Survey client satisfaction)
Aspect: Marketing Communications			
PR6	Core	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	- (Nondisclosure)
PR7	Add	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	- (Nondisclosure)
Aspect: Customer Privacy			
PR8	Add	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Information Security Management (Check & Act)
Aspect: Compliance			
PR9	Core	Monetary value of significant fines for non- compliance with laws and regulations concerning the provision and use of products and services.	- (Nondisclosure)

Corporate Profile

Corporate Profile

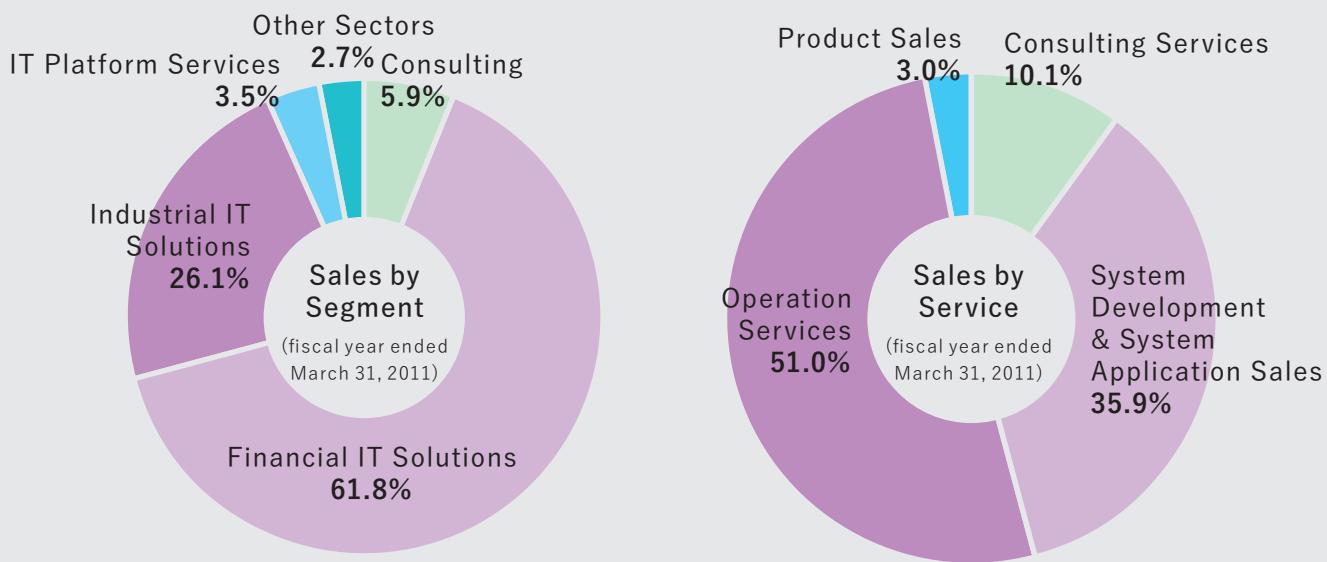
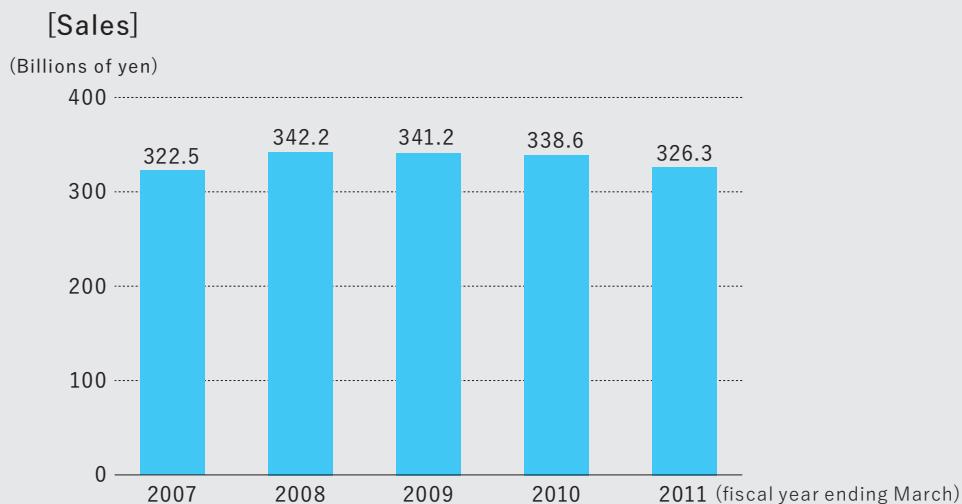
Corporate Name	Nomura Research Institute, Ltd.
Established	April 1, 1965
Capital	¥18.6 billion
Number of Employees	5,560/NRI Group 6,594 (as of March 31, 2011)
Headquarters	Marunouchi Kitaguchi Building, 1-6-5 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
Consolidated Net Sales	¥326.3 billion (fiscal year ended March 31, 2011)

NRI Group and Worldwide Office (as of July 1, 2011)



*1 Ubiqlink, Ltd. merged to Nomura Research Institute, Ltd. on July 7, 2011

*2 NRI Network Communications, Ltd. changed its name to NRI Netcom, Ltd. on April 1, 2011



[Operating Profit and Operating Profit Margin]



[Ordinary Profit]

